International Political Economy (SOCS-SHU 222)

WHO IS AGAINST IMMIGRATION?

Instructor: JING QIAN

2

3

Responses are anonymous

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Who is against immigration?

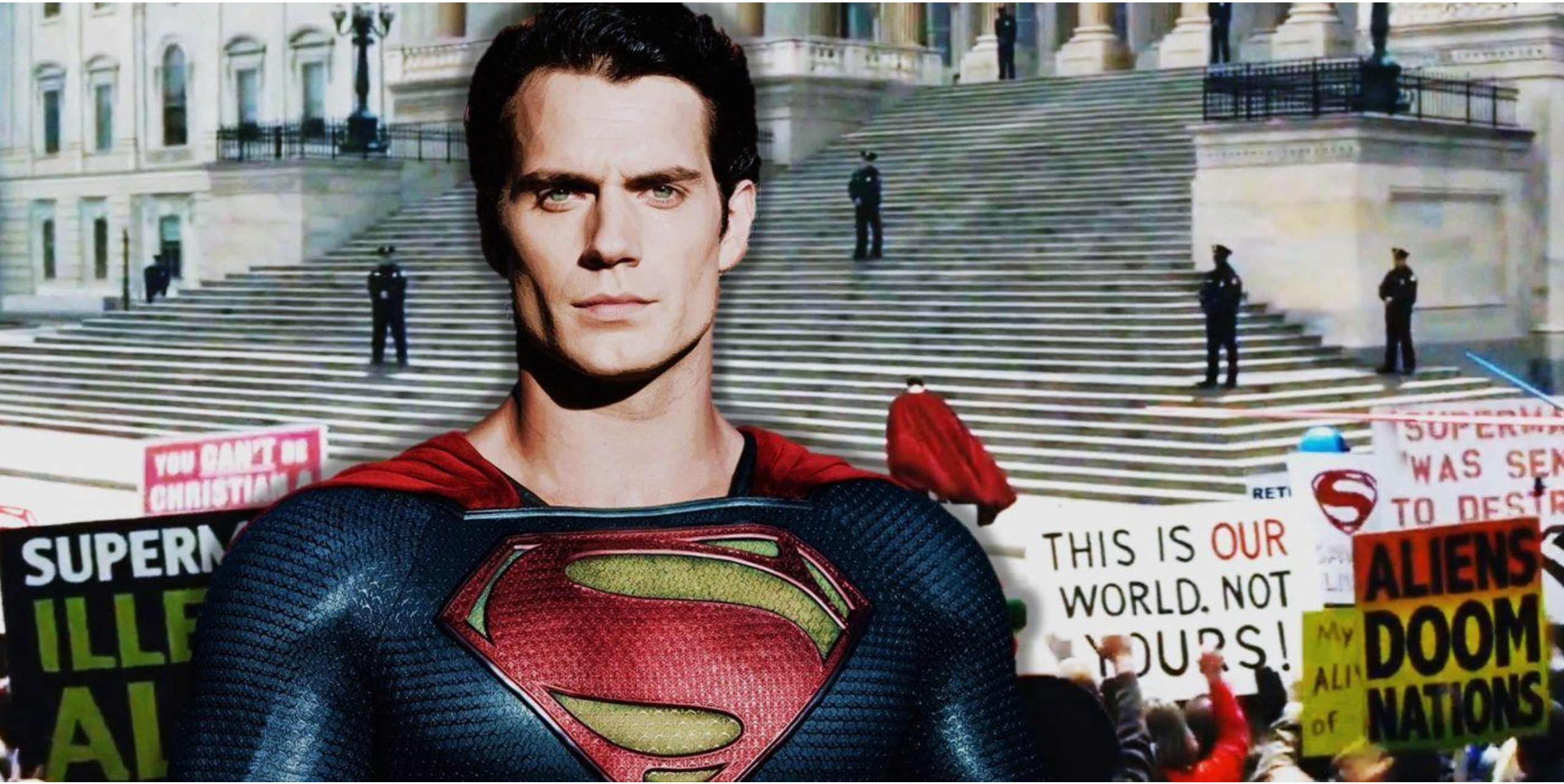
(A) I am AGAINST immigration!

0%

(B) I am IN FAVOR of immigration!

0%

4




ENOUGH IS ENOUGH
STOP THE BOATS
TERRACE CULT


ASSIMILATE
ASSIMILATE
DEPORT
ALL
ILLEGALS!
BUILD THE
WALL, NICE
AND TALL!

Who Is Against Immigration?

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READING ASSIGNMENT:
Mayda, Anna Marie. 2006. Who is Against Immigration? A Cross-Country Investigation of Individual Attitudes toward Immigrants. The Review of Economics and Statistics 88 (3):510-530.

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Plan for Today

1. The question
   - Who is against immigration?

2. The theory/argument
   - Scarce factor of production

3. Method of testing
   - Analysis of quantitative data

4. Results of tests
   - Argument supported, but also evidence of alternative explanations (not mutually exclusive)

How to Write a Paper

- START with a question!!
- Offer a theory/argument
- Propose a method to test the theory
- Present results of the test (empirical evidence)
- Conclusion (Implications)
- Consider Mayda's work…

How to Read a Paper

- Read the abstract carefully.
- Skim the article – section titles – to get the structure.
- Read the introduction (expanded abstract*)
- Read other sections strategically*
  - Theory/Argument
  - Methodology
  - Findings/Results

The Abstract

Abstract—This paper empirically analyzes economic and noneconomic determinants of individual attitudes toward immigrants, within and across countries. The two survey data sets used, covering a wide range of developed and developing countries, make it possible to test for interactive effects between individual characteristics and country-level attributes. In particular, theory predicts that the correlation between pro-immigration attitudes and individual skill should be related to the skill composition of natives relative to immigrants in the destination country. Skilled individuals should favor immigration in countries where natives are more skilled than immigrants and oppose it otherwise. Results based on direct and indirect measures of the relative skill composition are consistent with these predictions. Noneconomic variables also are correlated with immigration attitudes, but they don't alter significantly the labor-market results.

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Abstract—This paper empirically analyzes **economic and noneconomic determinants of individual attitudes toward immigrants**, within and across countries. The **two survey data sets** used, covering a wide range of developed and developing countries, make it possible to test for **interactive effects between individual characteristics and country-level attributes**. In particular, theory predicts that **the correlation between pro-immigration attitudes and individual skill should be related to the skill composition of natives relative to immigrants in the destination country. Skilled individuals should favor immigration in countries where natives are more skilled than immigrants and oppose it otherwise**. **Results based on direct and indirect measures of the relative skill composition are consistent with these predictions. Noneconomic variables also are correlated with immigration attitudes, but they don't alter significantly the labor-market results.**

Research Question

Data & Methodology

Argument/Predictions

Findings

Questions

- Are attitudes towards foreigners influenced by economic considerations or are they driven ***exclusively*** by non-economic issues?
- Do individuals feel threatened by the labor-market competition of foreigners?
- Are people concerned about security and cultural issues?
- More generally, who is against immigration, why, and in which countries?

Answer/Theory

- Heckscher-Ohlin model predicts that immigration attitudes depend on the impact of *changes in relative factor supplies due to immigration* on factor prices.
- So, if factor-price-***sensitivity*** holds (assuming that capital is internationally mobile):
- The correlation between immigration attitudes and individual skill should be related to the skill composition of natives relative to immigrants in the destination country

In the factor mode, trade causes…

- Income of the ABUNDANT factor to RISE
- Income of the SCARCE factor to FALL

Answer/Theory (continued)

- **Skilled** individuals should [favor?/oppose?] immigration *if the average skill level of* ***natives*** *is higher than the average skill level of immigrants*.
- (“favor”)
- immigration will [increase?/reduce?] the relative supply of skilled to unskilled labor, and [raise?/lower?] the skilled wage
- (“reduce,” “raise”)
- The opposite is true for countries where *natives* are on average *less skilled* than immigrants
- **Skilled** individuals should _____ immigration *if the average skill level of* ***natives*** *is* _____ *than the average skill level of immigrants*
- immigration will _____ the relative supply of skilled to unskilled labor, and _____ the skilled wage
- (“oppose,” “lower,” “increase,” “lower”)

Theory: The MODEL

a “formal” or “mathematical” statement of the theory

- The math allows for a transparent "rigorous" statement of the relationship between variables
- 3 X 2 H-O model
- 3 factors of production: unskilled labor, skilled labor, and capital, 2 goods
- (capital is mobile - across borders of countries)
- Total labor force = "native" + "migrant"
- Each group ("native" or "migrant“) has a different composition of skilled/unskilled labor
  - E.g., "native" in an advanced country could be 70% skilled and 30% unskilled
  - The "migrants" to that country could be 10% skilled and 90% unskilled
- What does the US look like?
- What does China look like?

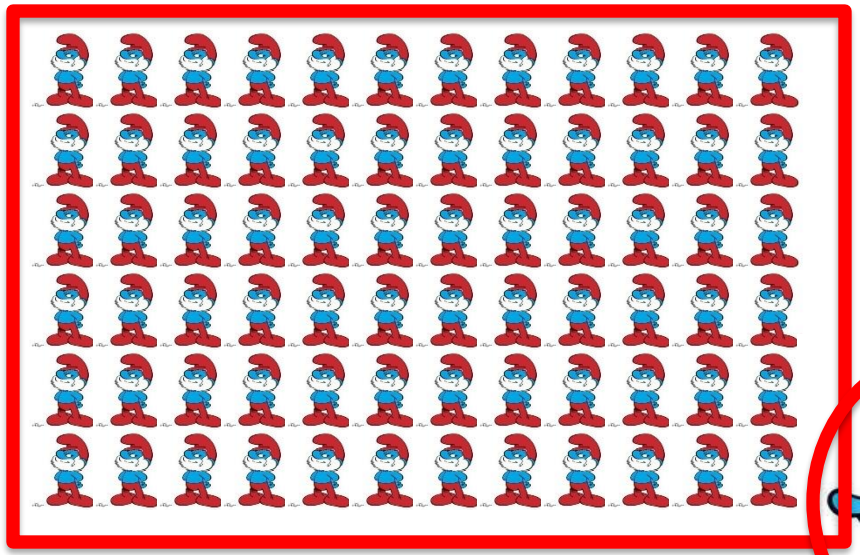
Theory: The Prediction

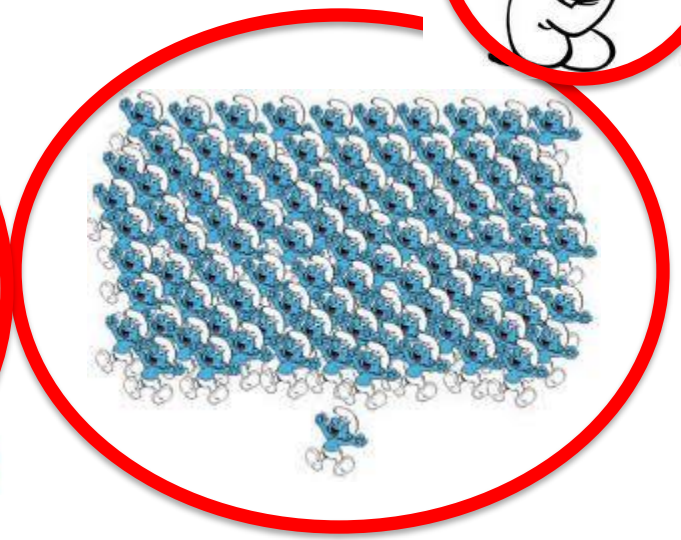
- In countries characterized by a ***high skill*** composition of natives relative to immigrants,
  - *skilled* individuals should favor immigration
  - *unskilled* individuals should oppose immigration
- In countries characterized by ***low skill*** composition of natives relative to immigrants,
  - *unskilled* individuals should favor immigration
  - *skilled* individuals should oppose immigration

Think of it in terms of abundant-scarce factors:

- The abundant factor wins from globalization
- The scarce factor loses from globalization
- In this case:
  - The “factor” is skill-level
  - And “globalization” is measured by immigration

Same Intuition as Last Class





Absent immigration,

Worker Smurf is in high demand.

And there are plenty of Papas.

WINNERS FROM IMMIGRATION!
LOSERS FROM IMMIGRATION!

But imagine there's another country out there with lots of regular worker-Smurfs and only one Papa.

Workers can migrate from South to North, seeking a higher wage.

(Immigration can go the other way for Papas.)

Before diving in the main results…

Who’s against immigration? (*baseline results)

TABLE 1.—BENCHMARK MODELS

A. ISSP-NI Data Set†

t Variable untry Dummy ables	*Pro Immig Dummy*			
	1	2	3	
age	−0.0003	−0.0004	−0.0005	−0.0002
		0.0001**	0.0002*	0.0002
male		0.0098	0.0086	0.0136
		0.0042*	0.0049	0.0052**
parents' foreign citizenship		0.0248		0.0349
		0.0056**	****	0.0082**
education (years of education)		0.0075		0.0074
		0.0012**	****	0.0015**
log of real income		0.0015		
		0.0038		
political affiliation with the right				−0.0165
			0.0055*	0.0091
rural				−0.009
				0.0038*
upper social				0.0025
trade union				
Number of obs.	21581	5001	8171	
Pseudo *R*-squared	0.1	.12	0.11	

A simple 5-step guide to How to read basic “regression” results

1. What is the analysis “explaining”?
   Dependent variable, usually in the title of the table

2. What is the unit of analysis?
   How many observations… of what? (“country-years”, “countries”, “individuals”, …)

3. What are the independent variables of interest?
   Main independent variable(s), Control variables

4. What is the effect of each independent (explanatory) variable?
   Just ask: Is the “coefficient” positive/negative?

5. Are the effects statistically significant?
   a. Star-gazing *, **, ***
   b. Is the standard error <1/2 the size of the coefficient?
   c. OR: is the t-stat/z-stat >1.96?
   d. OR: is the p-value<0.05?

TABLE 1.—BENCHMARK MODELS

A. ISSP-NI Data Set†

Dependent Variable	*Pro Immig Dummy*			
Probit with Country Dummy Variables	1	2	3	4
age	−0.0003	−0.0004	−0.0005	−0.0002
	0.0001*	0.0001**	0.0002*	0.0002
male	0.0122	0.0098	0.0086	0.0136
	0.0035**	0.0042*	0.0049	0.0052**
parents' foreign citizenship	0.0237	0.0248	0.0249	0.0349
	0.0049**	0.0056**	0.0073**	0.0082**
education (years of education)	0.006	0.0075	0.0064	0.0074
	0.0011**	0.0012**	0.0017**	0.0015**
log of real income		0.0015		
		0.0038		
political affiliation with the right			−0.0113	−0.0165
			0.0055*	0.0091
rural				−0.009
				0.0038*
upper social class				0.0025
				0.0038
trade union member				0.0002
				0.0059
Number of obs.	21581	15001	8171	8420
Pseudo *R*-squared	0.1	0.12	0.11	0.08

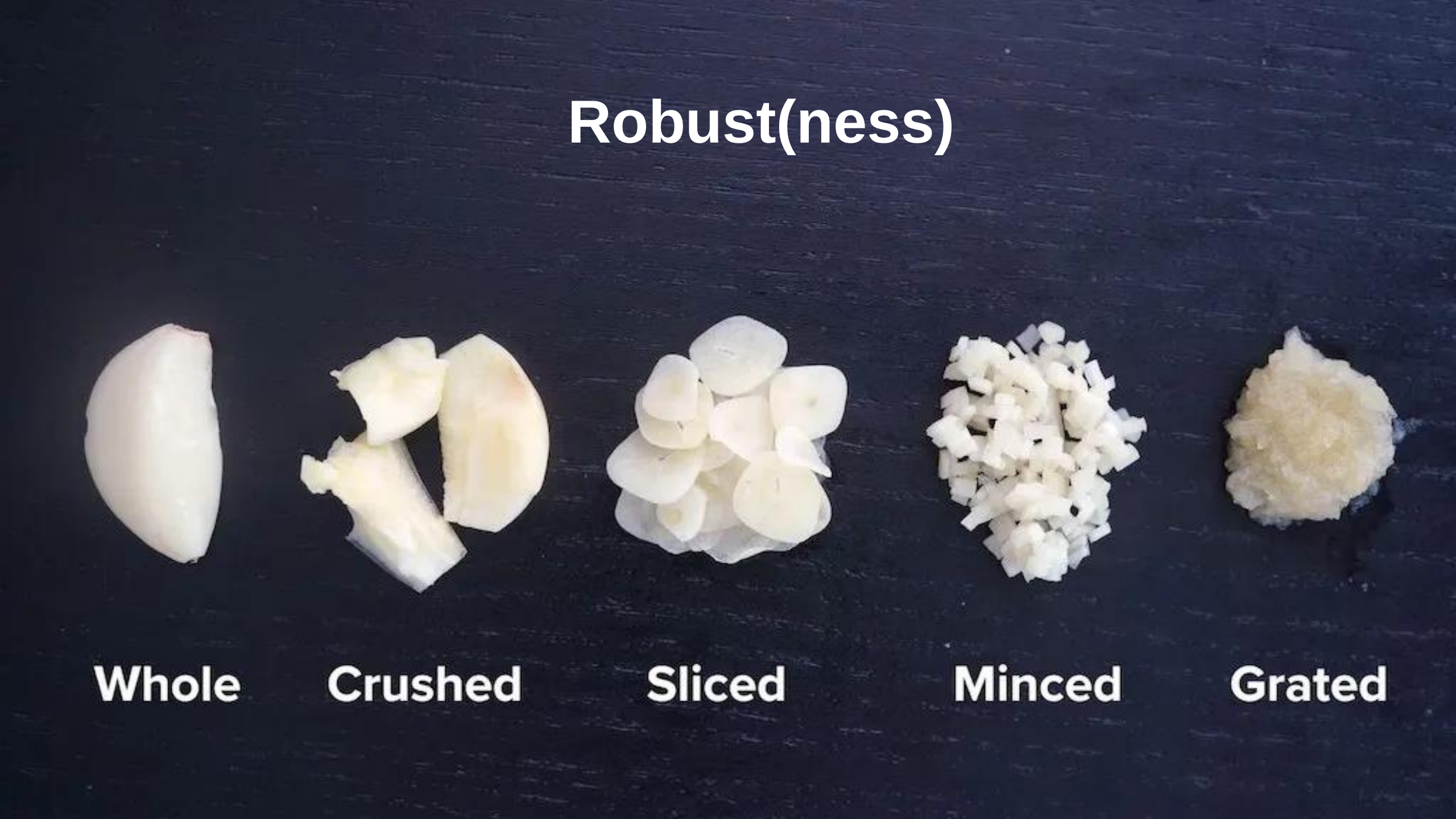
“Robust”?

One of the most **robust** findings in the benchmark model, estimated with both the ISSP-NI and the WVS data set, is a *significant and positive effect of education on pro-immigration attitudes*. (p.515)

“Robust”?

Garlic!

Robust(ness)



Robust(ness)

Key results stay across different:

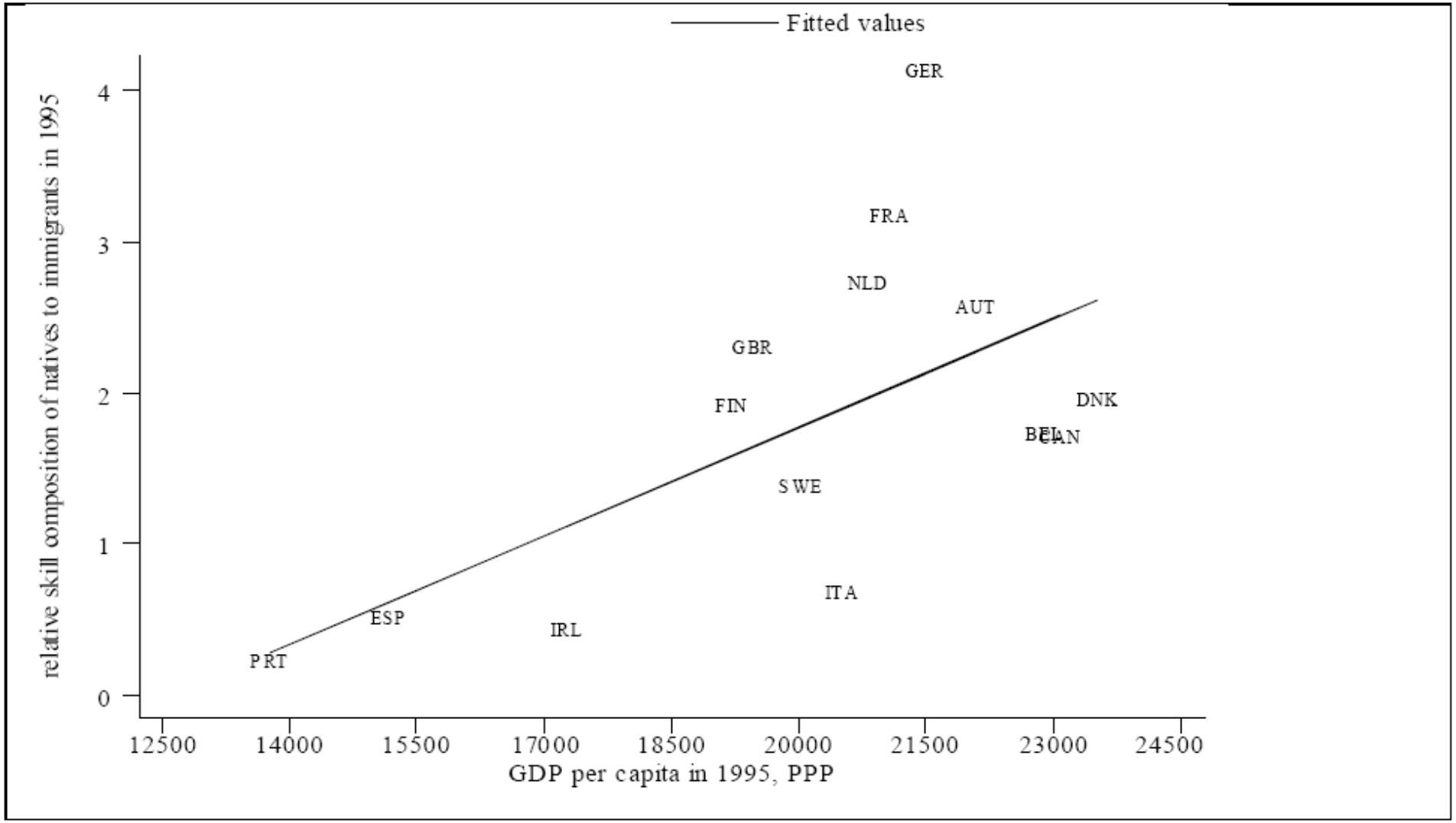
- Sample
- Measurement/operationalization
- Statistical models
- …

Test the Theory Using Empirical Evidence

- Finding: **Skilled** individuals are more likely to be pro-immigration in countries where the skill composition of natives relative to immigrants is high
  - Rich countries are more likely to receive immigrants who are less skilled than natives
  - Poor countries are more likely to receive immigrants who are more skilled than natives
- Mayda uses (1) education and (2) GDP/capita as alternative measures of the average "skill level"
- Why two measures?
- In the small sample (22 countries, mostly developed economies) : a direct measure of the relative skill composition of natives to immigrants
  - Requires information on immigrants & natives skill level
- For the larger sample (44 countries more developed economies), Mayda relies on GDP/capita as a proxy for the native skill composition

- Is GDP/capita a good proxy for the skill level mix in a country?
- The skill composition of natives to immigrants is positively correlated with GDP per capita (level of development)

Figure 1: Per capita GDP and the relative skill composition of natives to immigrants



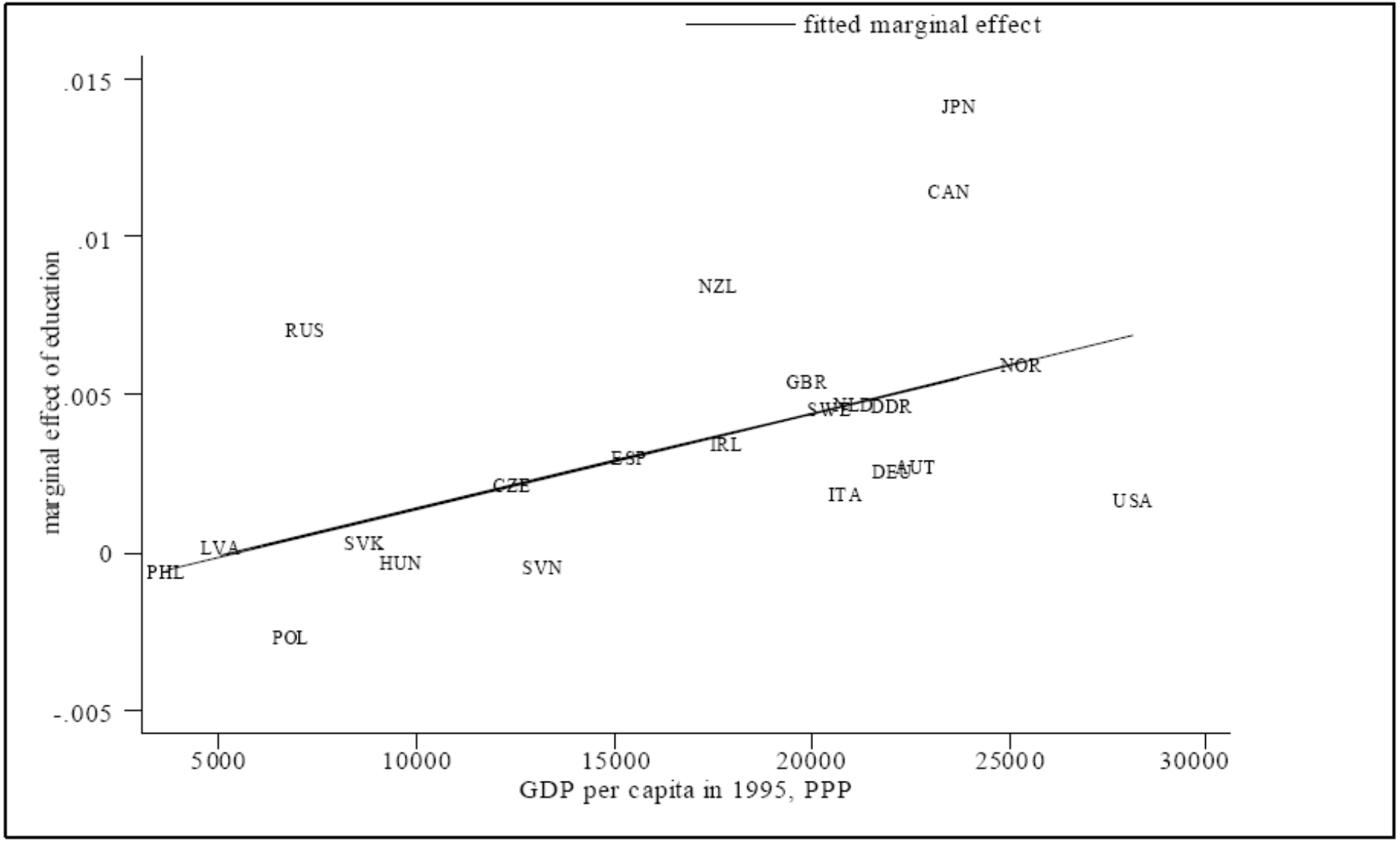
The coefficient of the fitted line is 0.0002393, significant at 1% (robust standard error: 0.0000567).

Now to test the main hypothesis!

- Dependent variable:
  - Who is in favor – vs – against immigration?
- Main explanatory variable:
  - Skill level
- Key hypothesis:
  - The effect of skill level DEPENDS on relative abundance scarcity in the home country!
  - If high-skill-abundant, skill level should have a positive effect
  - If high-skill-scarce, skill level should have a negative effect
  - Whoa! The effect of skill-level INTERACTS with skill-composition!
- Results: Drum roll please…
  - …

The effect of education (skill) is stronger in more developed countries.

Figure 2a: Country-specific impact of education on immigration attitudes (ISSP-NI)



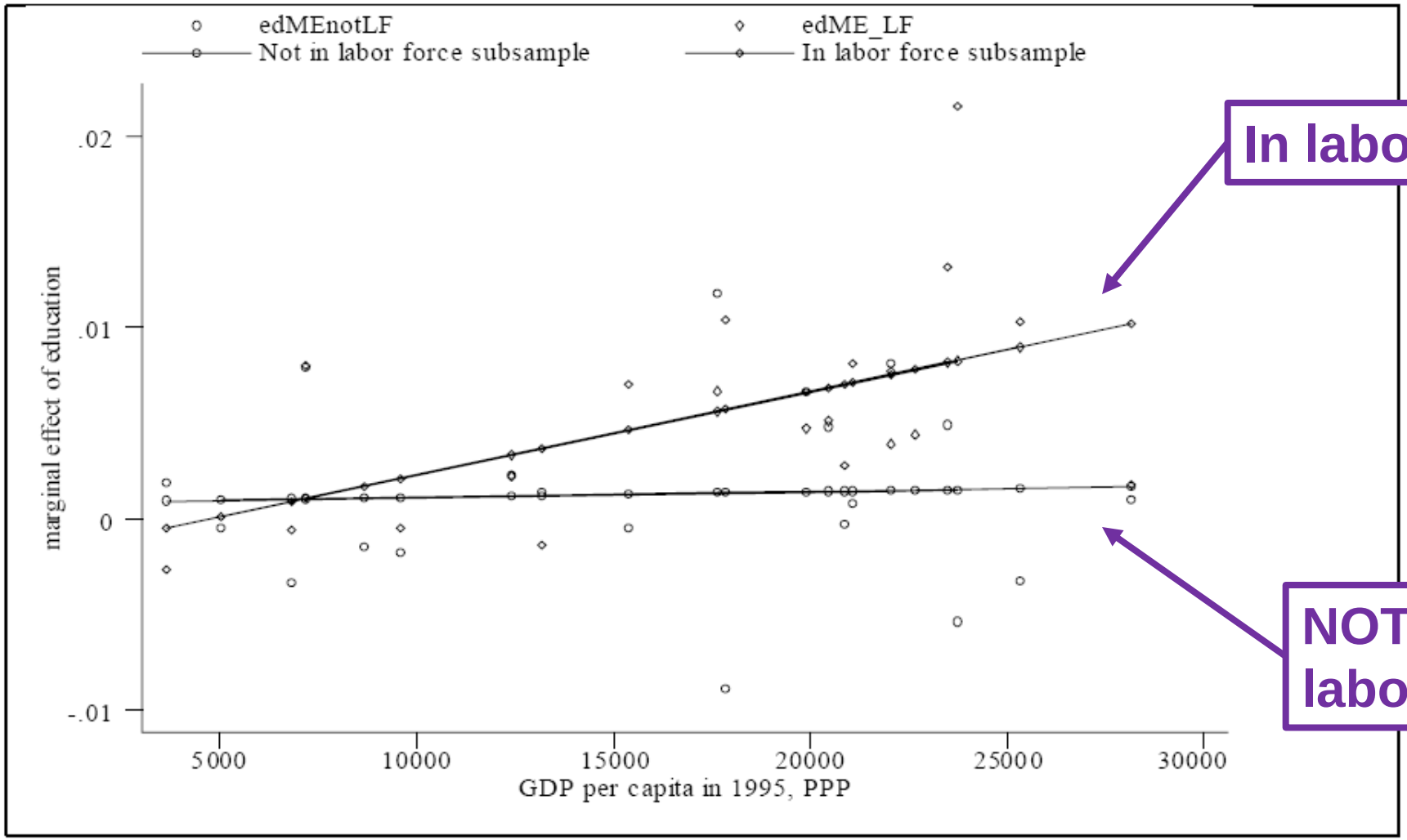
The coefficient of the line is 3.02e-07, significant at 5% (robust standard error: 1.15e-07).

Alternative Interpretation

- Maybe in advanced countries, more education leads to more enlightenment about cultures.
- More tolerance…
- So, here's another test showing evidence in favor of the H-O hypothesis.

The effect of education appears to be economically not culturally driven – holds only for people in the labor force

Figure 2b: Labor-force subsample vs. out-of-labor-force subsample (ISSP-NI)

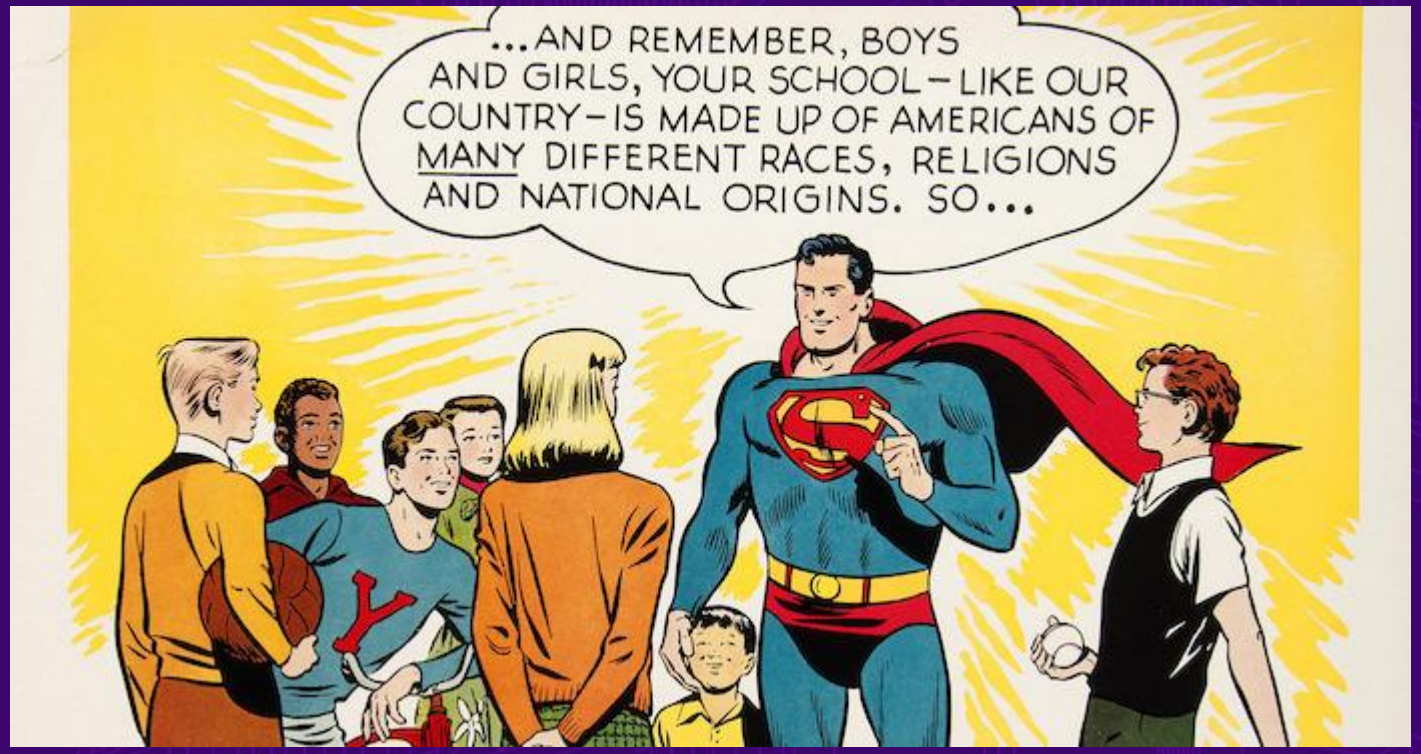


not in LF: the coefficient of the line is 2.82e-08, insignificant (robust standard error=1.25e-07);
in LF: the coefficient of the line is 4.36e-07, significant at 5% (robust standard error=1.73e-07).

Alternative/Additional Explanations?

- Non-economic variables ***also*** are found to be significantly correlated with immigration policy preferences
- Concerns regarding the impact of immigration on crime rates and individual perceptions of the cultural effect of foreigners correlated with immigration attitudes
- Racist feelings have a negative and significant impact on pro-immigration preferences
- These non-economic determinants do not seem to alter significantly the results regarding the economic variables
  - economic findings are "**robust**" to the inclusion of cultural variables
- *Important (and sad)*: Mayda finds that non-economic determinants are relatively more important than the economic variables considered, in terms of the amount of variance the model explains
  - R2 of model with/without the economic variables increases 6%
  - R2 of model with/without the cultural variables increases 15%
- ☹

Thank You!



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Take-away

- Mayda's work confirms Heckscher-Ohlin (with factor-price-sensitivity)

Holding other (cultural) factors constant:

- In countries characterized by *high skill* composition of natives relative to immigrants,
  - *skilled* individuals favor immigration
  - *unskilled* individuals oppose immigration
- In countries characterized by *low skill* composition of natives relative to immigrants,
  - *unskilled* individuals favor immigration
  - *skilled* individuals oppose immigration
- Cultural factors matter more than H-O variables ☹