

# Distributional vs Aggregate News Narratives in Trade Policy

NYU American Politics Workshop

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## Motivation

1999:

***The End of the Line; As the Swingline  
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2015:

***Economists Actually Agree on This: The Wisdom of Free Trade***

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If Congress were to take an exam in Economics 101, would it pass?  
We are about to find out.

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- ▶ Media narratives play a crucial role in providing information to citizens, particularly about complex multidimensional economic issues where direct experience is uncommon (Eliaz and Spiegler, 2020; Mutz 1992).
- ▶ At the same time, media narratives that conflict with the actual experiences of citizens can engender mistrust in media and elites, creating a vicious cycle (Livio and Cohen, 2018)

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- ▶ 33% of Republicans in 2024 “Trade extremely important” vs 16% for Democrats (Gallup, 2024)
- ▶ Trump: protectionist rhetoric a cornerstone of campaign. Clinton/Harris not so much.

# Research Questions

1. What drives variation in media narratives about trade policy / globalization?
2. How do media narratives affect polarization around these issues and trust in media/expertise?

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- ▶ Aggregate effects come from expert sources who are easy to contact, especially on social media
- ▶ Aggregate effects are location agnostic/can be part of newswire services
- ▶ **Local newspapers highlighting distributional effects have collapsed in 2000-2012 period**

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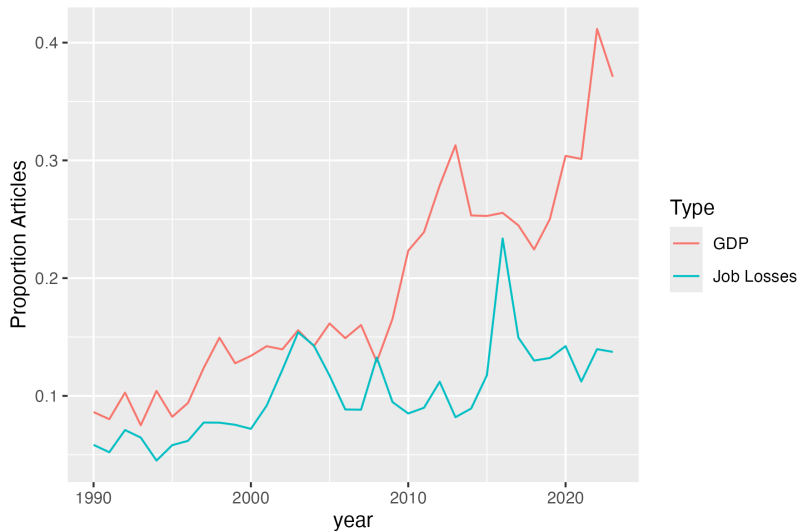
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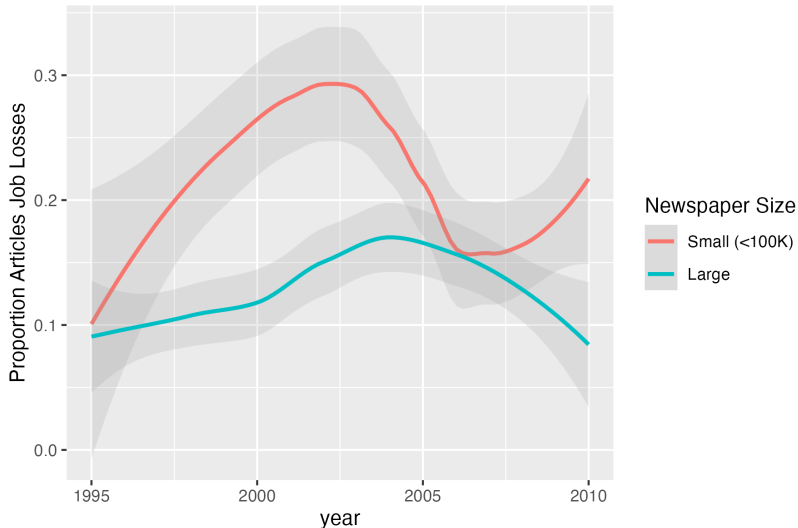
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- ▶ Outcome variable: for now, coarse indicator for whether the article mentions:
  - ▶ Job losses, factory closure, layoffs, community struggle
  - ▶ GDP, economic growth
  - ▶ Eventually hope to have something more sophisticated

# Narratives about GDP dominate Job Losses



# Bigger newspapers don't cover job losses

But even smaller newspapers reduce coverage post 2005



# Newspapers in places impacted by China Shock cover job losses more

(Sanity Check)

Dependent Variables: Model:	Num Job Loss (1)	Share Job Loss (2)	Num Job Loss (3)	Num Job Loss (4)
<i>Variables</i>				
IPW > median	0.89** (0.35)	0.07*** (0.01)		
IPW			0.05*** (0.01)	0.80** (0.31)
Year FE	Yes	Yes	Yes	Yes
Observations	1,094	1,094	1,094	1,094

*Clustered (year) standard-errors in parentheses*

*Signif. Codes: \*\*\*: 0.01, \*\*: 0.05, \*: 0.1*

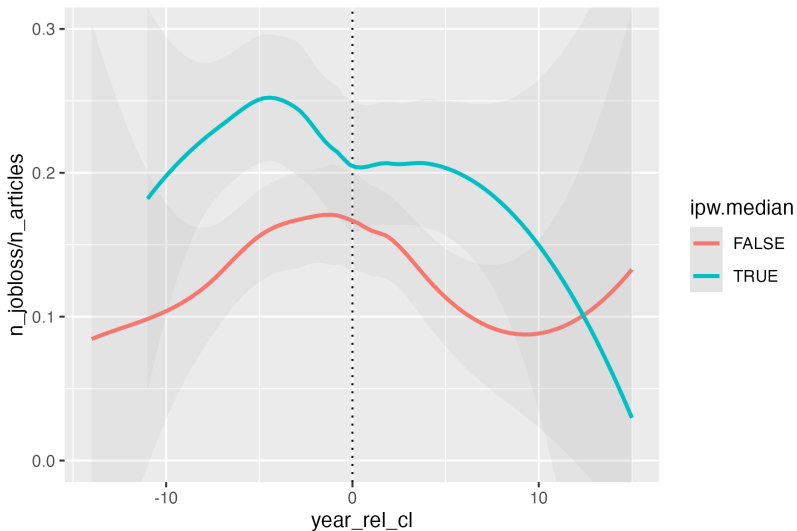
## Newspaper staff used to cover job losses more only in areas affected by China shock

Dependent Variables: Model:	Share Job Loss (1)	Num Job Loss (2)	Num Job Loss (3)
<i>Variables</i>			
Staff	-0.0009 (0.001)	-0.14* (0.07)	-0.07*** (0.02)
IPW $\times$ Staff	0.0006 (0.0007)	0.11** (0.04)	0.05*** (0.02)
Num Articles			0.20*** (0.04)
County and Year FE	Yes	Yes	Yes
Observations	1,086	1,086	1,086

*Clustered (county) standard-errors in parentheses*

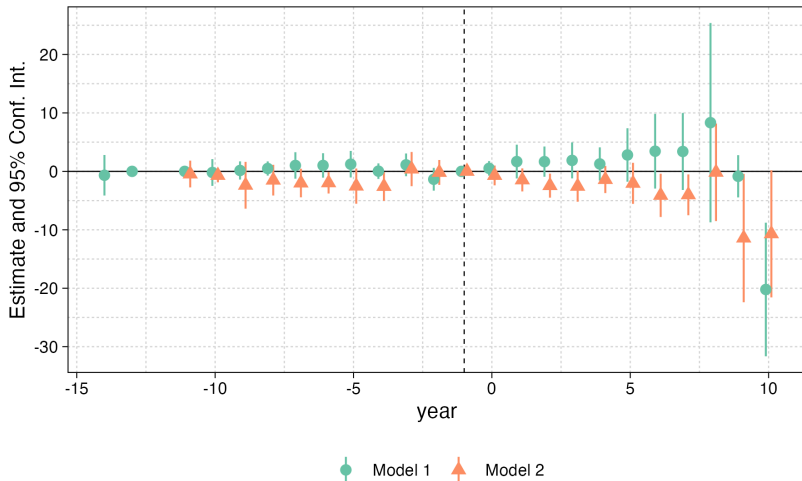
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## Craigslist Entry: Raw Trends



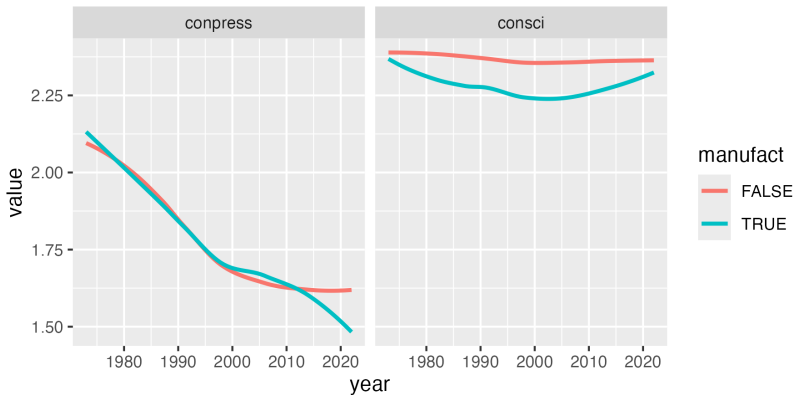
## Craigslist Entry: DiD

Effect on n\_jobloss



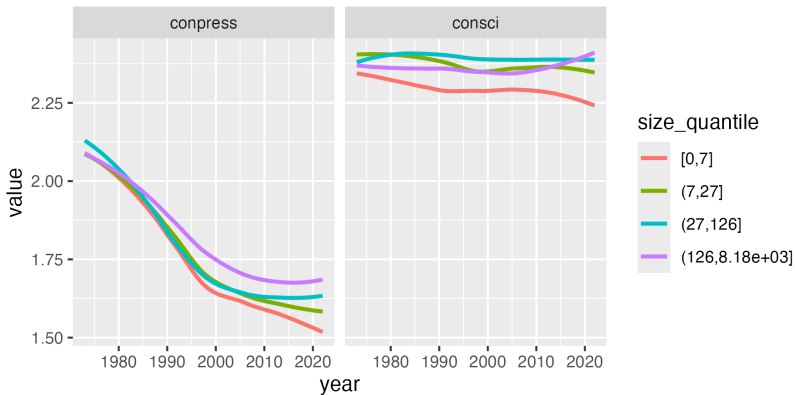
- ▶ Model 1: Counties with below median IPW exposure
- ▶ Model 2: Counties with above median IPW exposure

# Manufacturing Trust Divide (GSS)





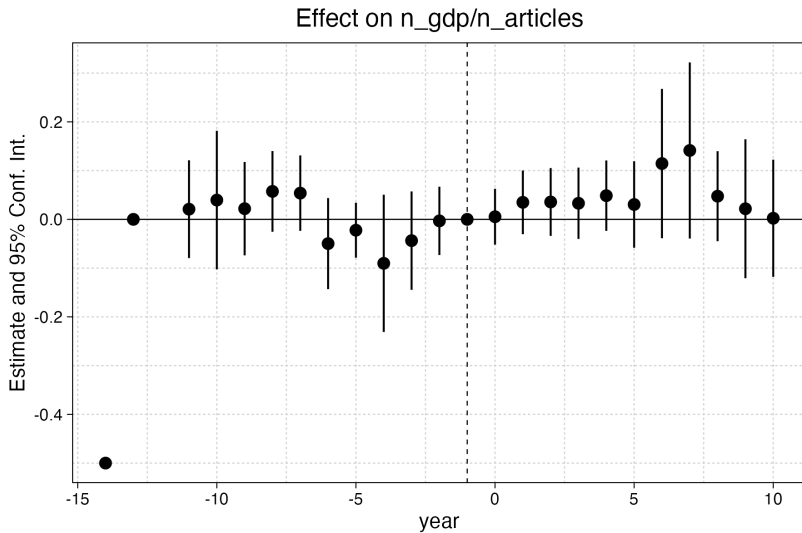
# Urban/Rural Trust Divide (GSS)



## End

- ▶ Narratives about job losses are much less prevalent than narratives about GDP in the context of free trade policy
- ▶ Smaller newspapers were more likely to write articles about job losses until ~2005
- ▶ The entry of Craigslist affected the reporting capacity of local newspapers, reducing coverage of trade related deindustrialization
- ▶ In the process of collecting more data, better measure outcomes, etc.
- ▶ RQ2 less developed:
  - ▶ Some descriptive evidence, eg urban/rural divide/decline in trust
  - ▶ Can look at CL instrument on county level trust and NAFTA opinion measures?

## Craigslist Entry: GDP



## Current TODO list

- ▶ ANES - correlations with China shock / CL entry?
- ▶ Rejigger opening motivation

## Argument (1)

- ▶ For voters **without** direct experience, exposure to media narratives about trade has a pure informational effect
- ▶ For voters **with** (negative) direct experience, exposure to media narratives about trade that conflict with their experience deepens mistrust in media and elites.

Type	NoExp	DirectExp
NegDist	NAFTA Bad	Increase Trust or No Effect
PosAggr	NAFTA Good	Decrease Trust

## Argument (2)

Positive aggregate effect narratives dominate negative distributional narratives especially in recent years

- ▶ Aggregate effects come from expert sources who are easy to contact, especially on social media
- ▶ Aggregate effects are location agnostic/can be part of newswire services
- ▶ Local newspapers highlighting distributional effects have collapsed in 2005-2012 period

## Argument (3)

Putting it all together. . .

**H1:** Mainstream news media are more likely to report positive aggregate narratives of free trade policy than negative distributional, especially after ~2008 when social media begins to play a larger role in reporting and local news begins to suffer.

**H2:** This reduces trust in media and elites for those affected negatively by free trade policy

**H3:** This increases educational/partisan polarization on NAFTA support