

Public Policy and Economic Fear: An Experimental Approach

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Introduction

The political-economy literature has long explored the connection between changing economic conditions and politician support. Generally, favorable macroeconomic conditions benefit an incumbent candidate or party.

The question at present is whether a link exists between economic fear and policy support? Specifically, is economic fear pervasive enough to change individual opinions on *immigration*, *The Affordable Care Act*, *welfare*, and or *student loan debt forgiveness*?

An experimental approach surveyed 257 BU students and 889 Mechanical Turk Respondents. Treatment respondents received either a "BU Treatment," (BU Students) an unemployment treatment, (MTurk) or a GDP treatment (MTurk).

Hypotheses

Hypothesis 1: Economic anxiety will lead respondents to increase support for social welfare policies (Affordable Care Act, Welfare, Student Loan Debt Forgiveness) where they would derive benefit; it will lead to decreased support for policies where assistance is provided to an outgroup (immigration).

Hypothesis 2: Contrary to H1, for respondents earning less than \$50,000 over the next year, an economic fear treatment will decrease support for all policies (Affordable Care Act, Welfare, Student Loan Debt Forgiveness, Immigration).

Hypothesis 3: For the Mechanical Turk sample there will be a more pronounced response for the unemployment treatment than for the GDP treatment (anti-immigration, pro-Affordable Care Act, pro-welfare, pro-student loan debt forgiveness).

Results

H1 OLS Regressions: Testing the Treatment Effects

Unemployment	Coefficient	Standard Error
Economic Pessimism	0.60	(0.06)***
Immigration	0.07	(0.08)
Affordable Care Act	-0.00	(0.09)
Welfare	0.08	(0.09)
Debt Forgiveness	-0.05	(0.08)

N: 614

GDP Treatment	Coefficient	Standard Error
Economic Pessimism	0.40	(0.06)***
Immigration	0.05	(0.08)
Affordable Care Act	0.00	(0.09)
Welfare	-0.02	(0.09)
Debt Forgiveness	0.01	(0.08)

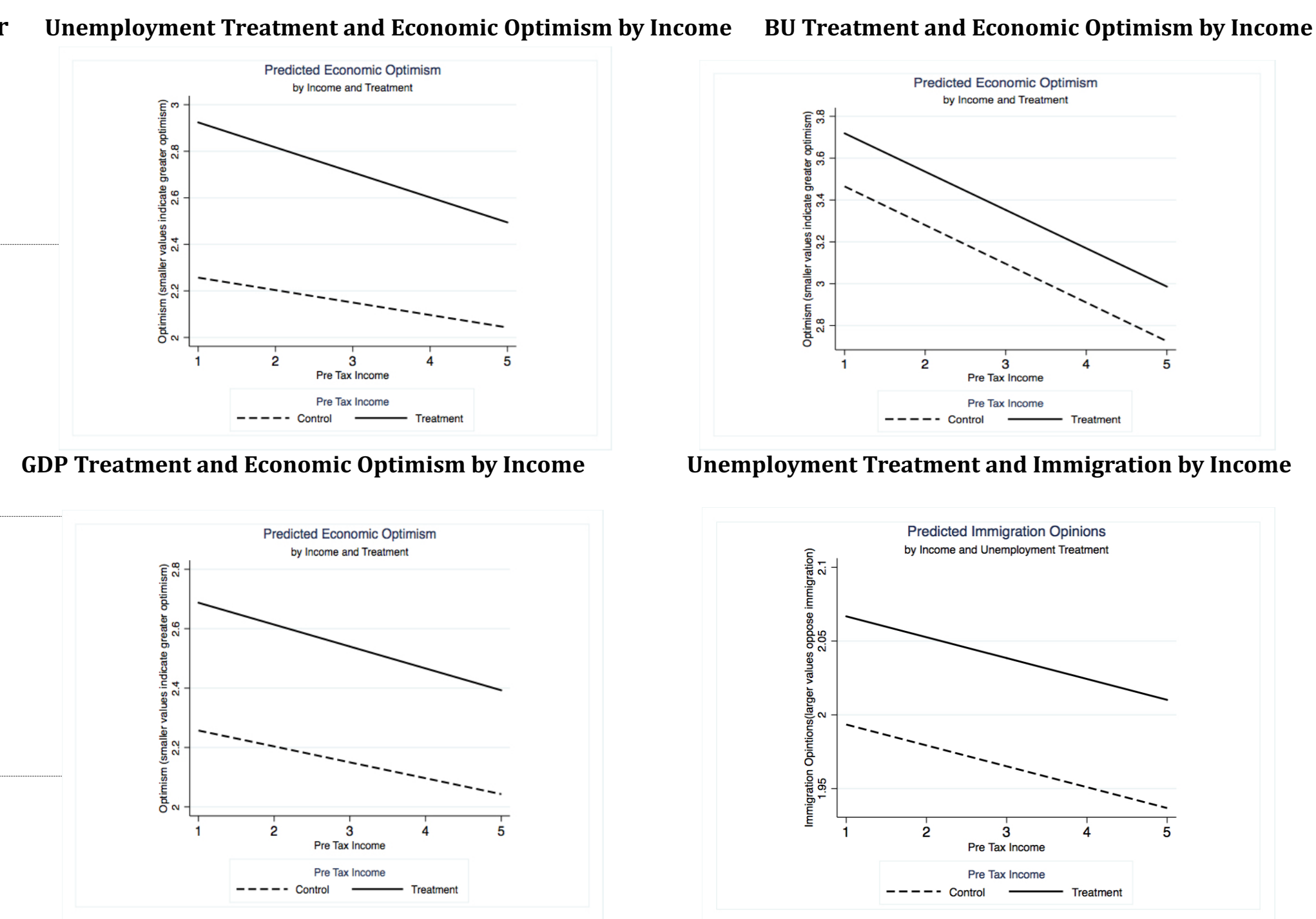
N: 564

BU Treatment	Coefficient	Standard Error
Economic Pessimism	0.21	(0.08)**
Immigration	-0.00	(0.10)
Affordable Care Act	0.01	(0.11)
Welfare	0.02	(0.11)
Debt Forgiveness	-0.04	(0.11)

N: 257

*p<.10
** p<.05
*** p<.01 (two-tailed tests)

H2: Significant Income-Treatment Findings



H3: Unemployment treatment > GDP Treatment

Comparing OLS regression results provides marginal support for H3:

	Unemployment Treatment and Economic Opinions by Income:		GDP Treatment and Economic Opinions by Income	
	Low Income	High Income	Low Income	High Income
Immigration	0.20 (0.10)**	-0.15 (0.13)	0.16 (0.10)	-0.13 (0.13)

In addition, the H1 regression tables above confirm H3: the unemployment treatment increases economic pessimism by 0.60 points, whereas the GDP treatment increased pessimism by 0.40 points. Performing a Wald Test of significance between these coefficients proves they are significantly different.

Conclusions

The results from testing H1, H2, and H3 proved conclusive.

As demonstrated, statistically insignificant regression results reveal that the economic fear stimulus was ineffective at swaying policy opinions. Therefore H1 is not supported.

H2 finds marginal support through the unemployment treatment: lower income respondents who received an unemployment stimulus were significantly more likely to oppose open immigration policies than were control respondents in the same income group. There were significant differences between income groups on economic views.

H3 finds marginal support through the increased economic pessimism of those who received the unemployment relative to the GDP treatment. This hypothesis also gains backing through decreased support for open immigration in the unemployment treatment group relative to the GDP treatment group.

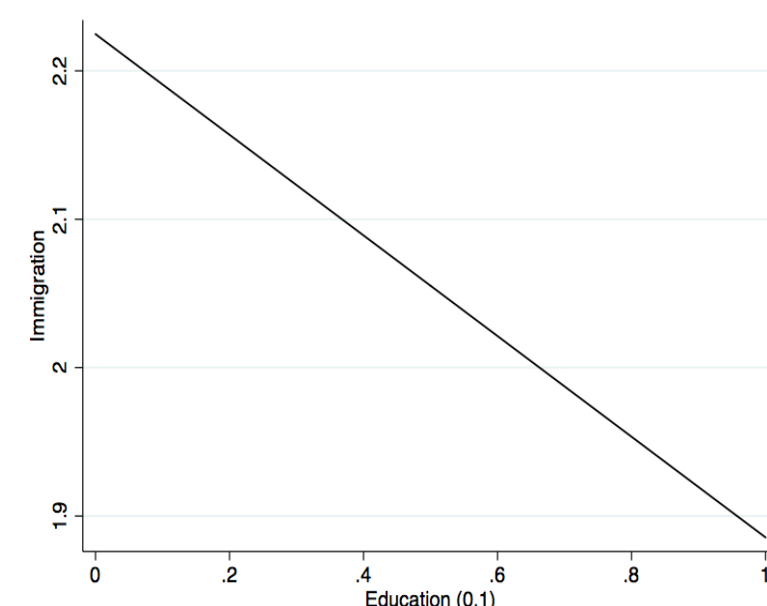
More generally, the "additional results" demonstrate how the tenets of political science are upheld: when looking to understand one's political views, their Party Identification and level of education will likely prove to be the best predictors.

While economic fear may be pervasive in the current political climate, it appears to be only marginally responsible for any shifting policy opinions: individuals certainly translate economic fear into opinions on the economy, but they largely do not account for economic fear when aligning views on policy.

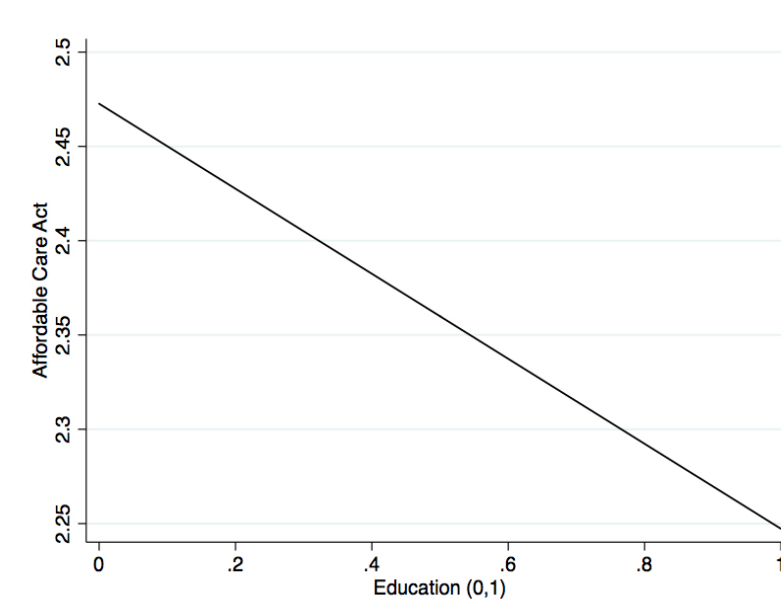
Additional Findings

The results below demonstrate the effectiveness of Political Identification and education in explaining policy opinions:

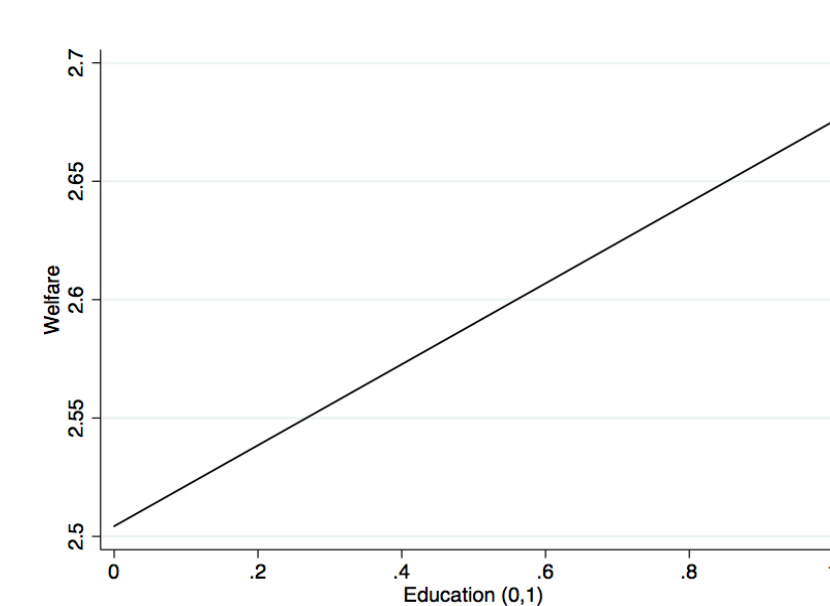
MTurk Immigration by Education
(0, Less than College, 1 College or More)



MTurk ACA by Education
(0, Less than College, 1 College or More)



Mturk Welfare by Education
(0, Less than College, 1 College or more)



Testing Opinions by Party Identification (OLS Regressions using Republican Dummy Variable)

MTurk Sample Policy	Coefficient	Standard Error
Economic Pessimism	-0.37	(0.06)***
Immigration	0.73	(0.07)***
Affordable Care Act	1.31	(0.09)***
Welfare	-1.22	(0.07)***
Debt	0.79	(0.07)***

N=678

BU Sample Policy	Coefficient	Standard Error
Economic Pessimism	-0.73	(0.17)***
Immigration	0.48	(0.21)***
Affordable Care Act	1.31	(0.21)***
Welfare	-1.70	(0.19)***
Debt	0.79	(0.20)***

N=199
*10% significance
**5% significance
***1% significance

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