

Trade in goods, trade in services and outsourcing

How do attitudes differ?

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”Vaxholmsfallet”

- Posted building workers from Latvia doing work for their company in Sweden
- Issue: Should Latvian low wages or Swedish high wages apply
- Union blockade and secondary action
- The Latvian firm had to close down its Swedish activities
- Court case: Arbetsdomstolen and the European Court of Justice

- **Economic theory:** just another form of trade (imports)
 - trade in services (construction) requires that posted workers do the work "på plats" in the importing country
 - as natural then that they should be paid the wages of the exporting country as with goods trade
 - mutually beneficial trade requires that countries with lower productivity can compensate that with lower wages
- This is not the way trade unions and the majority of people see things

Aim of the project

- Systematic study of how attitudes to different types of trade differ
 - trade in goods
 - trade in services (construction)
 - outsourcing (**offshoring**)
- What **specific** attitudes determine the **general** attitudes to the different types of trade?
- What underlying factors determine (general and specific) attitudes?
 - socioeconomic factors
 - general political attitudes
 - demographic factors
- The role of **psychological factors** for differentiating among different attitudes to different types of trade (salience, priming, ingroup-favoritism).

So far two parts in the project

1. Survey study
 - Pilen Affärsutveckling AB
 - Telephone interviews
 - 1000 respondents
 - Random sample
2. Experiment(s)
 - Not so random sample
 - People waiting at Pass Authorities,
Psychology and economics students

1. Tycker du att det är bra eller dåligt att företag som producerar **varor** i de nya EU-länderna, och som betalar lägre löner än företag i Sverige, kan konkurrera fritt på den svenska marknaden?
2. Tycker du att det är bra eller dåligt att tjänsteproducenter, t ex byggföretag, i de nya EU-länderna, som betalar tillfälligt utplacerad personal i Sverige lägre löner än svenska företag, kan konkurrera fritt på den svenska marknaden?
3. Tycker du att det är bra eller dåligt att svenska företag fritt kan flytta produktion till de nya EU-länderna, där lönerna är lägre än i Sverige?

General and specific questions

Sverige kan importera tjänster, t ex i byggsektorn, från företag i de nya EU-länderna genom att företagen bedriver tillfällig verksamhet med egen personal i Sverige. Om de betalar lägre löner än svenska företag....

- a... så är det en orättvis konkurrens för svenska löntagare som hotar löner och jobb.
- b... så är det orättvist mot den personalen i företagen från de nya EU-länderna eftersom den får mindre betalt än personalen i svenska företag
- c... så är det bra eftersom det innebär låga priser för svenska konsumenter
- d...så får det inte leda till snabba omställningar på svensk arbetsmarknad.
- e... så är det bra eftersom det gör det möjligt för företag från de nya EU-länderna att få uppdrag i Sverige och därmed skapar fler jobb för medborgarna i de nya EU-länderna.

Means for different attitude questions

Attitude	Trade in goods	Trade in services	Offshoring
general attitude	2,89	2,34 ^a	2,49 ^a
“threat to Swedish jobs and wages”	2,89 (3,11)	2,48 ^b (3,52)	2,60 ^b (3,40)
“unfair wages of foreign workers”	3,15 ^c (2,85)	2,89 (3,11)	3,20 ^c (2,80)
“low consumer prices”	3,36	2,85 ^d	2,95 ^d
“fast changes in Swedish labour market”	2,57 ^e (3,43)	2,54 ^e (3,46)	2,58 ^e (3,42)
“good for new EU countries”	3,46	2,82 ^f	2,92 ^f
Mean incl. general attitude	3,05	2,65	2,79
Mean excl. general attitude	3,08	2,72	2,85

Note: Means that share a common superscript letter are not significantly different ($p > .05$)

Observations from "raw data"

- General attitude more favourable to goods than offshoring and services
- Same pattern for averages of specific attitudes
- All specific attitudes most negative to services
 - "*fast changes*": differences not significant
 - usually no significant difference services/offshoring (only "fair wages")

Extent of agreement

- "Not too fast changes" followed by "unfair competition"
 - always higher score than "fair wages"
- Higher score for "unfair competition" than "good for foreign jobs" for services and offshoring
- Higher score for "unfair wages" than "good for foreign jobs" for services
- Similar scores for "low consumer prices" and "good for foreign jobs"

What factors determine differences in attitudes?

- How do differences in specific attitudes determine/covary with differences in general attitude?
- How do differences in background factors determine/covary with differences in both general and specific attitudes?

Method of estimation

- Ordered logit
- Pooled data
- Dummies for trade in services (Ds) and offshoring (Do)
- Interaction dummies

General attitudes and specific attitudes with dummy variables for trade in services (Ds) and offshoring (Do)

Variable	Coefficient	P-value
Ds	-0,6862	-0,072
Do	-0,9166	-0,022
"threat to Swedish jobs and wages"	0,2698	0,000
Ds x "threat to Swedish jobs and wages"	0,0608	-0,493
Do x "threat to Swedish jobs and wages"	0,1564	-0,077
"unfair wages of foreign workers"	0,1776	-0,009
Ds x "unfair wages of foreign workers"	-0,0288	-0,738
Do x "unfair wages of foreign workers"	0,0891	-0,314
"low consumer prices"	0,4769	0,000
Ds x "low consumer prices"	0,0440	-0,634
Do x "low consumer prices"	0,0706	-0,480
"fast changes in Swedish labour market"	0,1279	-0,042
Ds x "fast changes in Swedish labour market"	-0,0579	-0,508
Do x "fast changes in Swedish labour market"	-0,1707	-0,056
"good for new EU countries"	0,5392	0,000
Ds x "good for new EU countries"	0,1528	-0,111
Do x "good for new EU countries"	0,0770	-0,420

Note: Bold coefficients indicates significance on the 10% level

Background factors

- Employment status
- Sector of the economy (if employed)
- Private or public sector (if employed)
- Trade union membership (if employed)
- Education
- Political party preference
- Attitude towards EU
- Gender
- Age
- Country of birth
- Urban vs rural residence

**General attitudes and demographic, socioeconomic and attitude variables
with dummy variables for trade in services (Ds) and offshoring (Do)**

Variable	Coefficient	P-value
Ds	-0,8270	0,000
Do	-1,1150	0,000
Age	0,0113	0,077
Male	0,6843	0,000
Ds x Male	-0,4021	0,017
Education	0,1784	0,005
LO	-0,5268	0,002
Vote right	0,7441	0,000
Positive attitude towards EU	0,5096	0,001
Do x Pos. att. EU	0,8101	0,000

Note: Method of estimation: Ordered logit with stepwise backward selection

Specific attitude and demographic, socioeconomic and attitude variables with dummy variables for trade in services (Ds) and offshoring (Do)

Variable	“Competition”	“Wages”	“Prices”	“Changes”	“Welfare”
Ds	-0,4537 (0,012)	-1,3790 (0,007)	-0,9278 (0,000)		-0,9972 0,000
Do	-0,7889 (0,001)	-0,6933 (0,007)	-0,7895 (0,000)	-0,7442 (0,005)	
Age		-0,0173 (0,001)			
Ds x Age		0,0154 (0,039)			
Do x Age					-0,0125 (0,000)
Male	0,6894 (0,000)	0,6717 (0,000)	0,3875 (0,004)	0,4433 (0,001)	
Ds x Male	-0,5140 (0,006)			-0,3629 (0,004)	
Education					0,1180 (0,082)
Do x Education	0,1367 (0,076)	0,2718 (0,001)		0,2454 (0,005)	
Vote right	0,3146 (0,049)	0,4959 (0,001)	0,8526 (0,000)		0,5935 (0,000)
Ds x vote right	0,3405 (0,065)				
Positive attitude towards EU	0,6216 (0,000)	0,4282 (0,004)	0,7710 (0,000)	0,2618 (0,069)	0,8670 (0,000)
LO	-0,5950 (0,000)	-0,4613 (0,004)		-0,3561 (0,044)	
TCO				-0,3190 (0,058)	-0,3797 (0,012)
Ds x TCO	-0,5906 (0,004)	-0,3952 (0,067)			
Do x SACO				-0,4203 (0,075)	

Note: Method of estimation: Ordered logit with stepwise backward selection. P-values in parenthesis.

Main results

- Given specific attitudes, people's general attitudes are more negative to trade in services and offshoring than to trade in goods.
- Given sociodemographic variables, people's general attitudes are more negative to trade in services and offshoring than to trade in goods.
- Given sociodemographic variables, people's specific attitudes are almost in all cases more negative to trade in services and offshoring than to trade in goods.

Main results cont.

- The general pattern for both general and specific attitudes is that attitudes are more positive for male, education, EU positive and vote right. Sometimes also for age. Attitudes are more negative for LO members. However, LO members do not evaluate “low prices” or “welfare for new EU countries” in a different way than others. TCO members are also concerned about “rapid change” but not about “welfare of new EU countries”.

Main results cont.

- For the general attitudes there is little interaction between sociodemographic variables and type of trade. Some exceptions though: males have a more negative attitude to trade in services and there is positive interaction between attitude to offshoring and education.
- For the specific attitudes there is more interaction between sociodemographic variables and type of trade. For example, males have a more negative attitude to trade in services for “unfair competition” and “rapid changes”. TCO members are more negative to trade in services for “unfair competition” and “unfair wages”.

General conclusion

- We find more negative general attitude to trade in services and offshoring than to trade in goods, given constant specific attitudes.
- We find more negative general and specific attitudes to trade in services and offshoring than to trade in goods, given constant background variables.
- Some additional factor or some psychological mechanisms likely to cause this overall more negative attitude to trade in services and offshoring.

Questions study 2

- Are specific attitudes made as a result of a general attitude (Halo-effect) or are they stable through similar contexts?
- When people make decisions on a general attitude they support does this make their specific attitudes more coherent than without a decision on an attitude?
- Do certain specific attitudes (from the Pilen study) determine the general attitude?

Design – study 2

- Two perspectives (pro free trade in services – pro Swedish model)
- Questionnaire (12 questions, 6 items)
- Distraction test (Högskoleprov)
- Reading articles (1) pro free trade in services or (2) pro Swedish model
- Decision (attitude and sureness)
- Questionnaire (12 questions, 6 items)
- Sampling: – Passport Authorities, Department of Psychology, Department of Economics

Participants

Total: 125 participants (3 samples)

76 female - 44 male (five missing)

Decision

55 Free Trade - 70 Swedish model

About the questions

6 items (from Pilen study)

12 questions (every item from both perspectives)

Pre-test: local perspectives

Post-test: global perspectives

The items and the contents of the questions

1. Growth (competition and free trade important – or stable employer-trade union relationships)
2. Competition (free competition – or constraints on wage competition)
3. Work abroad (low wages to get jobs and development - or exploitation of workers)
4. Exports (long-term favourable structural transformation – or bad because of locking-in-effects)
5. Imports (low prices – or exploitation of foreign labour)
6. Consequences for importing country (new business will develop – or unemployment and stagnation).

Example question

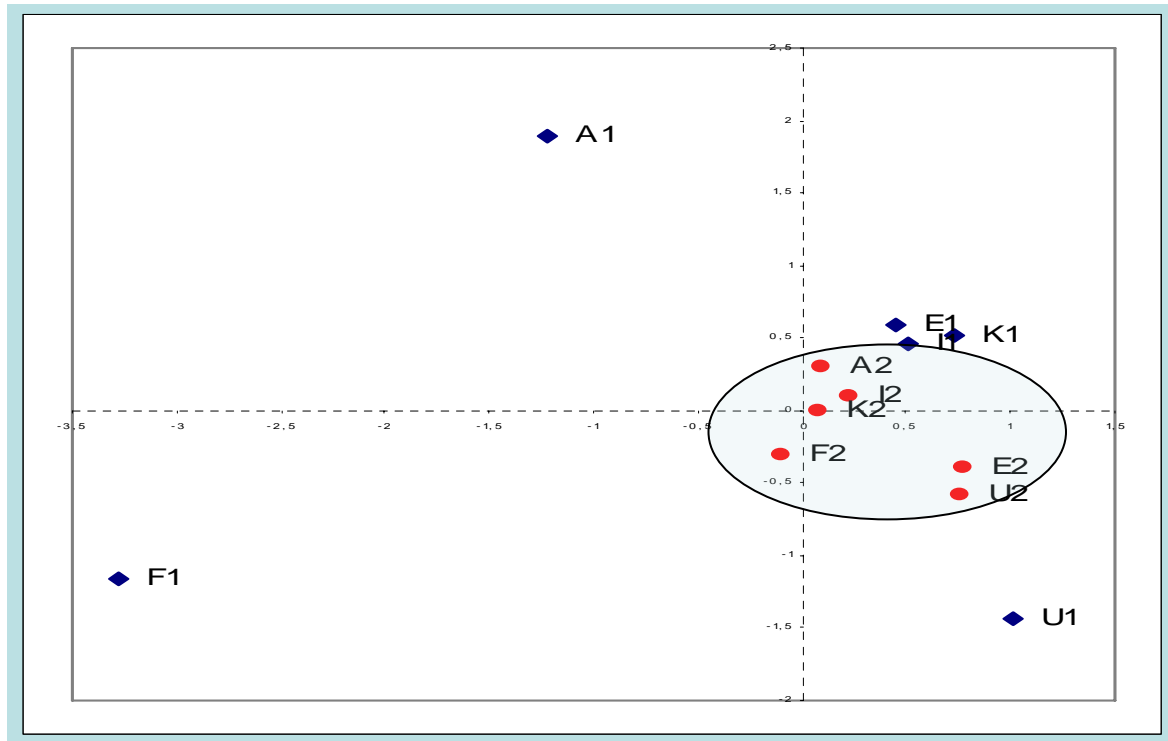
- *Importen är dålig eftersom den innebär att vi som konsumenter profiterar på dåliga löner för anställda i andra länder.*
- *Del 2 - Frihandel på tjänsteområdet som tillåter konkurrens med lägre löner i Sverige är dålig eftersom den innebär att vi som konsumenter profiterar på låga löner för anställda från andra länder.*

Table 1. Gender and decision on different samples

Sample	Gender	Freq	%	Decision	Freq	%
Passport Authorities Mean Age 33,6 (9,1)	Men	19	45,2	Swe Mod	24	57,1
	Women	23	54,8	Free Trade	18	42,9
	<i>Total</i>	<i>42</i>		<i>Total</i>	<i>42</i>	<i>100,0</i>
Dep of Psychology Mean Age 27,8 (8,0)	Men	4	8,7	Swe Mod	31	67,4
	Women	41	89,1	Free Trade	15	32,6
	Missing	1	2,2			
	<i>Total</i>	<i>46</i>		<i>Total</i>	<i>46</i>	<i>100,0</i>
Dep of Economics Mean Age 24,0 (3,4)	Men	21	56,8	Swe Mod	15	40,5
	Women	12	32,4	Free Trade	22	59,5
	Missing	4	10,8			
	<i>Total</i>	<i>37</i>		<i>Total</i>	<i>37</i>	<i>100,0</i>

Higher correlations in post-test

MDS
Alscal



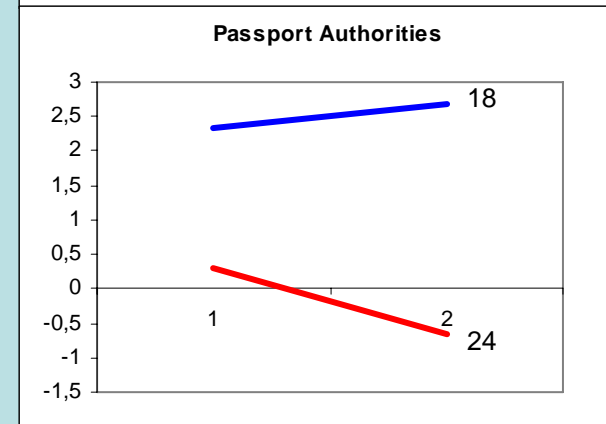
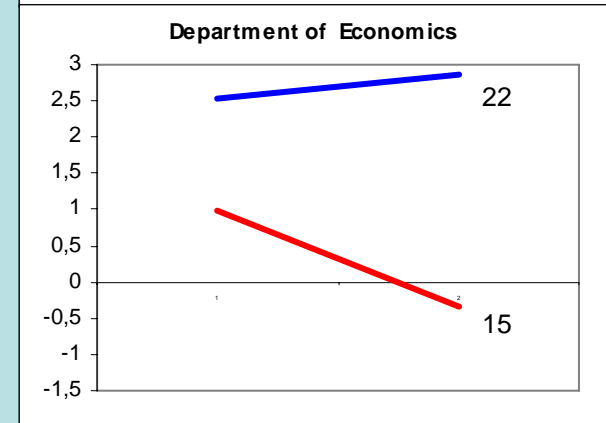
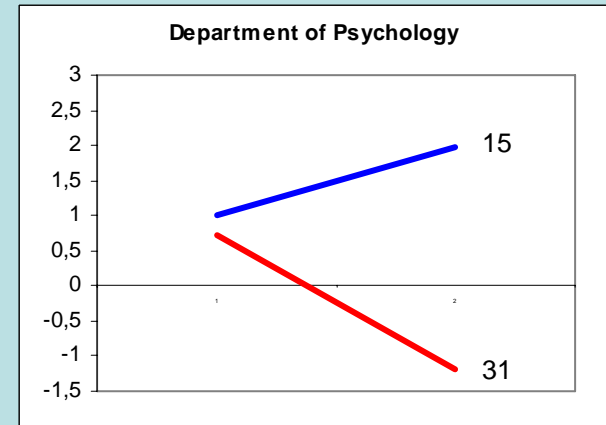
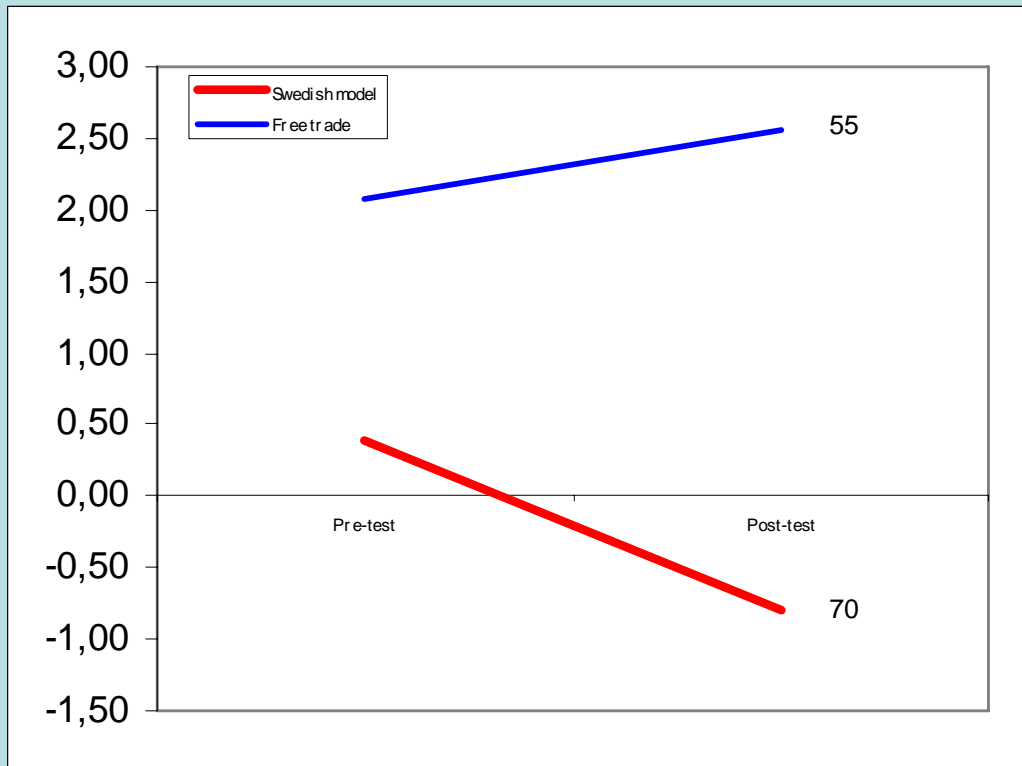
Correlations

Index pretest	comp	Import	Export	Conseq	Work abr	Develop
Competition	-					
Import (low prices)	.561 **	-				
Export	-.047	.101	-			
Consequences	.215 *	.211 *	.112	-		
Work Abroad	.358 **	.280 **	-.069	.001	-	
Historical development	.441 **	.557 **	.046	.209 *	.335 **	-
Mean all correlations	.221	Chronbachs alpha .65				
index posttest	comp	Import	Export	Conseq	Work abr	Develop
Competition	-					
Import (low prices)	.638 **	-				
Export	.640 **	.827 **	-			
Consequences	.578 **	.707 **	.723 **	-		
Work Abroad	.641 **	.697 **	.692 **	.705 **	-	
Historical development	.580 **	.529 **	.525 **	.632 **	.531 **	-
Mean all correlations	.643	Chronbachs aplha .92				

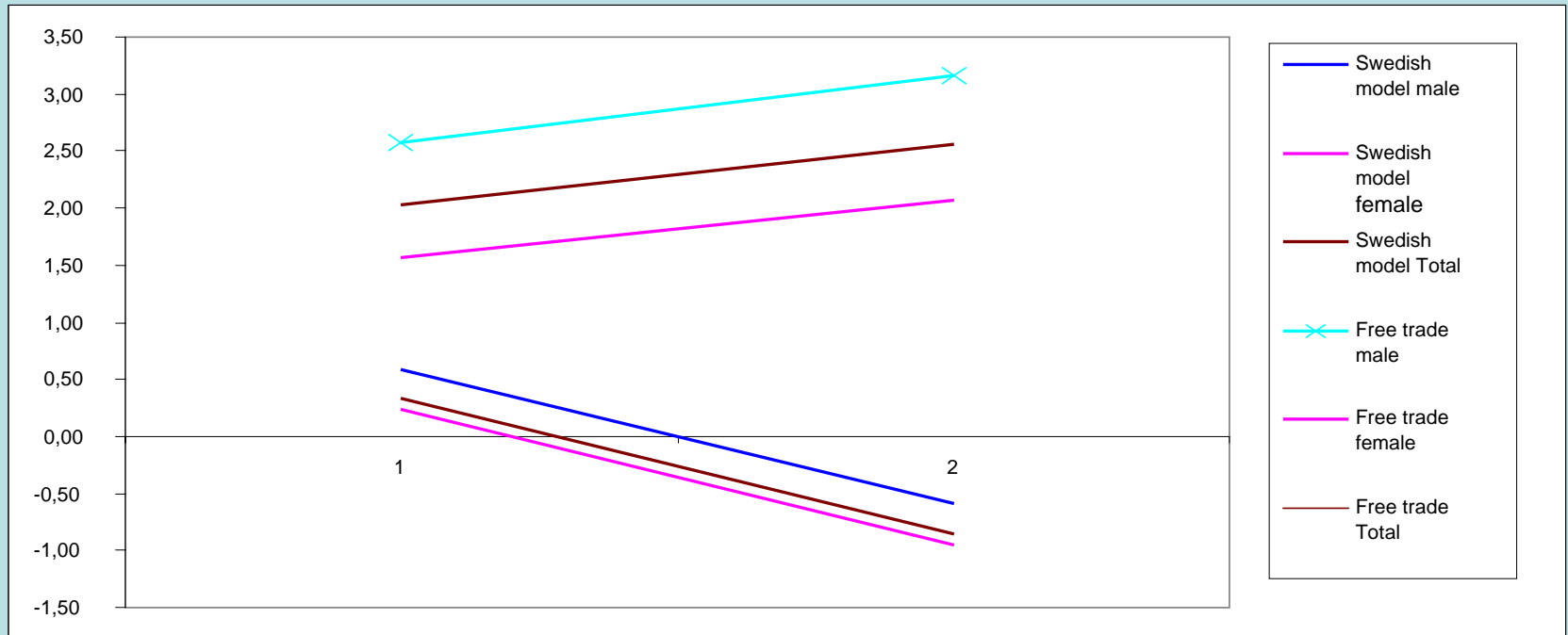
Coherence seeking after decision

People at Passport Authorities most confident in their opinions in pre-test

Department of Åsychology least confident in pre-test.



Males more free trade positive

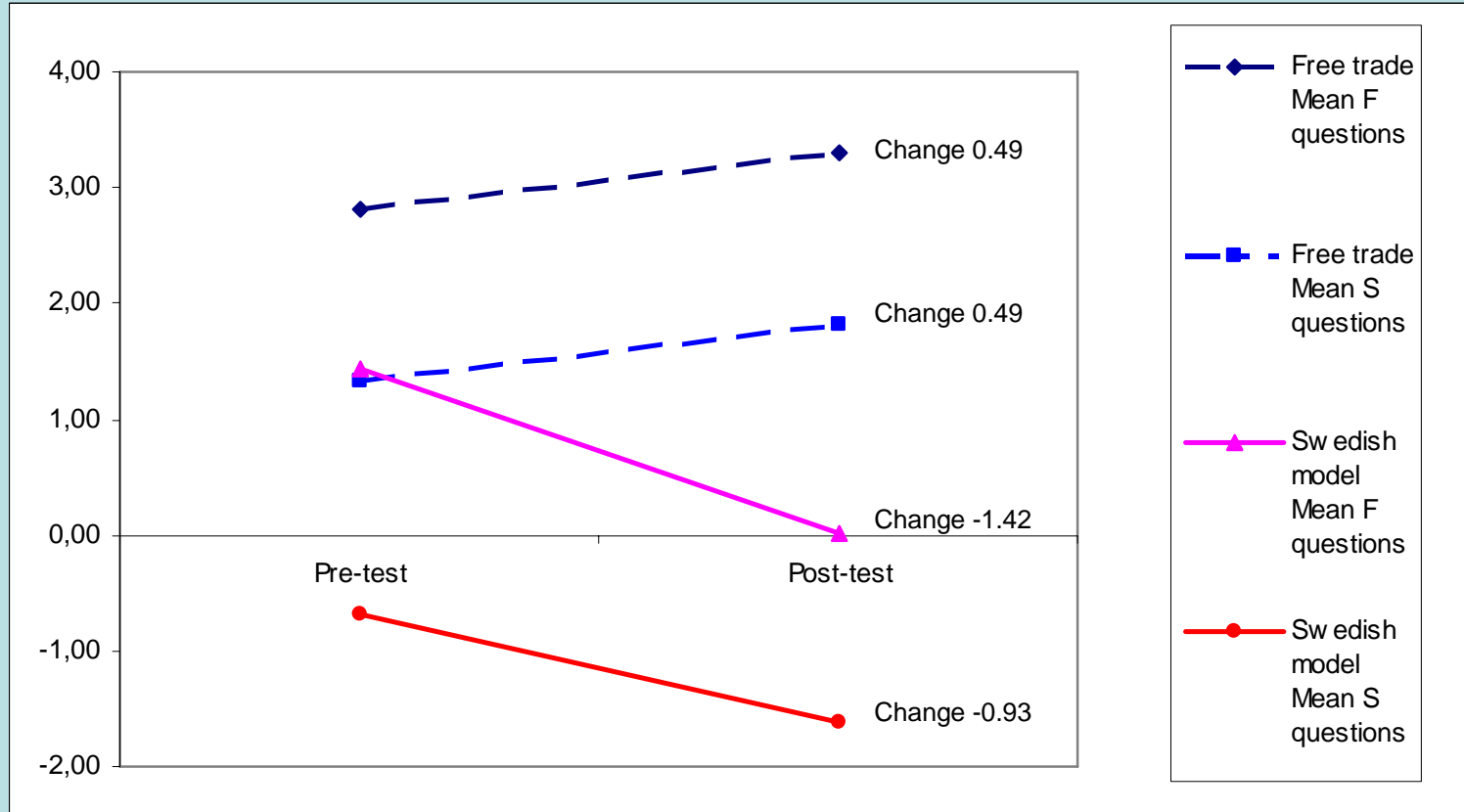


	M1	SD	M2	SD	N
Male	1,70	1,67	1,51	2,20	41
Female	0,74	1,25	0,17	1,99	75

	F	Sign
Group	10,33	,002
Gender	134,52	,000
Persp x Gender	4,17	,044

Gender not significant when sample is controlled for

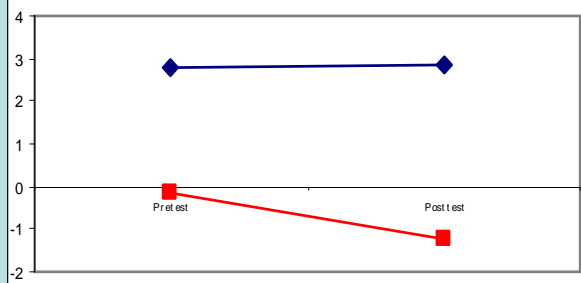
Different perspectives



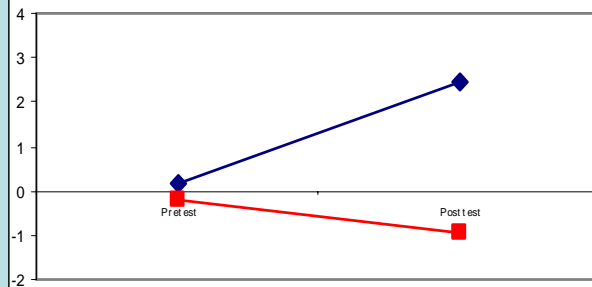
T-tests showed that the Swedish Model Group changed more than the Free-trade Group from pre- to post test condition. Both on own and other questions.

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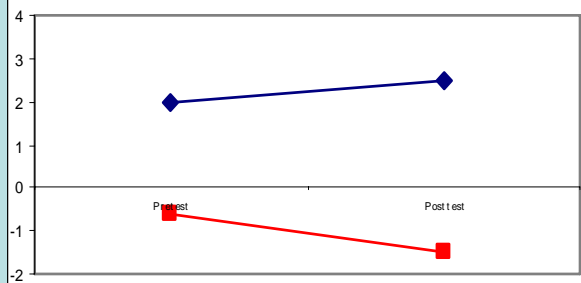
Competition



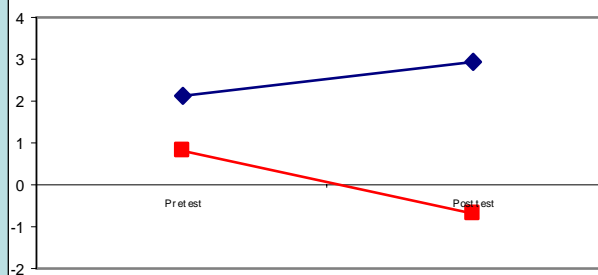
Consequences



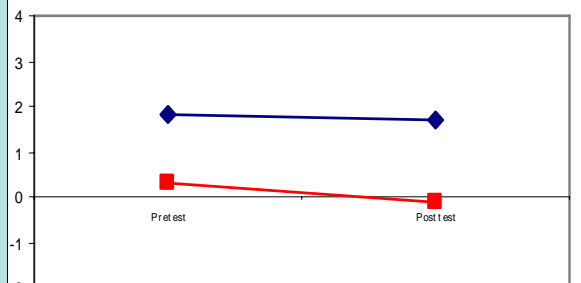
Import (low prices)



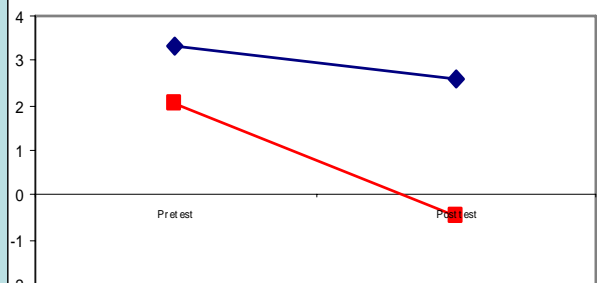
Export



Development



Work Abroad



Prediction of attitude (logistic regression, 12 items, pre-test)

	B	S.E.	Wald	df	Sig.	Exp (B)	Nagelkerke	% correct (56%start)
Step 3(c) F_Development	,308	,130	5,642	1	,018	1,361	.432	77.2
S_Competition	,285	,081	12,283	1	,000	1,330		
S_import	,159	,073	4,763	1	,029	1,173		
Constant	-1,274	,424	9,043	1	,003	,280		

To sum up

- More negative attitudes to free trade with services and outsourcing than to free trade with goods (Study 1)
- Background factors important for attitude (Study 1 and 2)
- Free trade group more confident (Study 2)
- Halo effects (Study 1 and 2)
- Coherence seeking (Study 2)
- Coherence seeking dependent on characteristics of participants (Study 2)
- Fewer specific attitudes, especially competition (and exploitation) differentiate between attitudes before than after expressing one's attitude (Study 2)
- More differentiation between own perspectives (Study 2)