Nationalism, Threat and Support for Trade

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Introduction

What explains individual preferences toward trade policies? Conventional wisdom suggests that people are self-interested and are concerned primarily with material benefits. Consequently, direct beneficiaries of trade should be the most supportive of an open economy and free trade agreements (Alt et al. 1996; Rogowski 1987). In line with this assumption, many political economists have theorized about who the beneficiaries would be under trade openness, including people with endowed factors or with specified skills.

However, growing research is finding that psychological factors account for trade preference formation (Chiang, Liu, and Wen 2013; Hooghe and Marks 2004; Mayda and Rodrik 2005; O'Rourke and Sinnott 2001). Specifically, Mansfield and Mutz (2009) had the crucial insight that ingroup-outgroup dynamics determine trade preferences among Americans. A literature is developing based on their contribution, showing how nationalism specifically undergirds mass attitudes towards trade (Ahlquist, Clayton, and Levi 2014; Fordham and Kleinberg 2012; Kaltenthaler and Miller 2013).

Both the economic and psychological arguments in the existing literature have holes.

The self-interest arguments have relied on two untested assumptions: 1) people can correctly evaluate the extent to which they benefit from trade; and 2) people can directly associate their personal interests with government policies, including trade agreements. Researchers who claim to find evidence that self-interest has no significant effect on support for trade, often take the refutation of these two assumptions as their point of departure (Mansfield and Mutz 2009; Rankin 2001).

However, the psychological argument is not without its own downside; it has relied almost exclusively on survey data, which may be tainted by endogenous relationships between perceptions of how trade affects the nation and how trade affects the individual. For example, given the complexity of trade issues, individuals may use their expected effect on the country in general as a proxy for how a policy will affect them personally, making self-interest and national interest difficult to separate. While the psychological approach has acknowledged the political dimension of pride, the theories and measures of how nationalism should affect support for trade isolationism are still murky. Furthermore, both economic and psychological literatures have focused on support for trade in general, implicitly assuming that all the trade partners are viewed as equivalent.[1]

This paper aims to enhance our understanding of how economic and psychological factors interact to determine trade preferences and thus begins by establishing an integrative framework incorporating both factors at the national and individual levels. Based on the economic literature, we expect that when the effects of a policy on the national economy and on individual outcomes can be clearly linked to a policy, support for the policy will

[1]Chiang. Liu and Wen's (2013) study is the first one to show that the trade partner does matter, but the argument is based solely on economic self-interest and factor endowments.

generally be based on economic self-interest. However, when national interest is at stake, we expect economic interests to take a backseat. In line with previous work on nationalism and trade, we argue that nations operate as ingroups to which citizens are attached to different degrees. Going beyond the trade literature but drawing from Social Identity Theory (SIT), we argue that potential trade partners are viewed as unique outgroups, which are differentiated primarily based on the threats they pose to the national ingroup. Greater interaction, including trade, with a threatening outgroup will be viewed more negatively overall by ingroup members relative to trade with non-threatening outgroups. Moreover, those who are most attached to the ingroup will be most opposed to trade with the threatening outgroup, regardless of personal economic interest.

We build on the nationalism and trade literature, and emphasize the distinctions between different measures of nationalism, and the implicit theories behind them. We argue that nationalism is not just some bias that many people have; instead, it is the degree to which individuals are attached to the nation as an ingroup, defined by SIT. Furthermore, we contend that national pride captures the ingroup-outgroup dynamic better than other measures of nationalism and best allows for cross-national comparison. In our empirical test, we show that the choice of measure can be hugely consequential, with important implications for the interpretation of studies employing different measures.

To test our theory about the interplay between economic and psychological factors at the individual and national levels, we leverage the national threat that China poses to Taiwan. The China-Taiwan situation provides a perfect setting to test how threat at the national level interacts with national attachment at the individual level. We employ an experiment,

so that national and self-interest are distinguishable and exogenous. By assigning subjects to a trade policy that either benefits or costs them personally and is either with China, Japan, or Malaysia, we are able to measure the effect of trading partner, and separate it from the influence of self-interest. Furthermore, we use a nationally representative sample of Taiwanese respondents, which is an advantage over many experiments that rely on small student or convenience samples.

Our empirical results show that (1) national threat influences trade preferences; (2) this effect is moderated by national attachment; (3) self-interest is important, but it can be suppressed when public interest is at stake; and (4) support for trade in general or for one trade agreement does not necessarily predict support for any other trade policy.

Our integrative framework is applicable outside of Taiwan as well. The theory is about the relative influence of two universal variables: economic self-interest and national attachment. Furthermore, we are establishing the scope conditions for each based on trade partners that are seen as threatening vs. non-threatening. While differentiation of outgroups and the threat component have generally been omitted from the literature, it is not difficult to see that many countries see at least one other as threatening, and thus would be hesitant to engage with it through trade or other forms of cooperation. Our findings show that even if the home country is expected to benefit economically, those who are most strongly attached to it will oppose relationship-building with threatening nations. This threat may come in the form of plans for annexation, as in the case of Russia and Crimea, or any form of dominance or devaluing of the home country. For instance, the seemingly irrational recent Brexit vote can be seen as a response to a perceived threat from the EU by nationalistic Britons.

Integrative Framework of Trade Policy Support

We theorize that individual trade preferences are determined by economic and psychological factors, which exist at the individual and national levels (see Table 1). By separating these dimensions, we help 1) distinguish between four types of factors that are often conflated in the existing literature; and 2) show how each quadrant has separable influences on trade policy preference formation.

Table 1: Determinants of Trade Policy Support

	Economic (material) factor	**Psychological factor**
Individual-level	Self-interest (1) Factor endowment (2) Specific industry	Nationalism National pride National superiority
National-level	National economy General preferences for trade	National threat Concerns for social-cultural impact

Individual-level Economic Determinants

Consensus exists among economists that international free trade increases the general welfare of society (Fuller and Geide-stevenson 2003), while it creates winners and losers based on a given country's comparative advantage (Chang 2008; Stiglitz 2003). Consequently, support for trade is presumed to extend from the direct benefits or costs to the individual (Beaulieu 2002; Frieden 1991; Grossman and Helpman 1995; Hiscox 2006; Mayda and Rodrik 2005; Rogowski 1987; Scheve and Slaughter 2001).

Two main political economy theories have built on the self-interest thesis. Factor endowment theory –based on the Heckscher-Ohlin and Stolper-Samuelson models– argues

that a country's primitive factor endowment defines who wins or loses within a country. For instance, workers with lower skilled workers living in a skill-abundant country will experience real income declines from freer trade and support protectionism over free trade (Blonigen 2011). By contrast, the industry specific theory (or the Ricardo-Viner model), argues that the competitiveness of a given industry determines its workers' trade preferences (Frieden 1991). However, this line of research does not take into account trade's impact on the national economy and ignores correlations between skill-level and nationalism.

National-level Economic Determinants

Some research has found that individuals evaluate the economic impact of a policy on the country as a whole. These sociotropic effects appear to outweigh individual-level, or pocketbook, effects of a policy on individual-level support. For example, individuals do not blame the government if they are unemployed, but will hold politicians accountable if rates of joblessness overall are rising (Mansfield and Mutz 2009). However, it is unclear whether individuals focus on the national-level because they value it over the individual-level, or because they use the sociotropic effects as a cue to how they personally will be affected.

Within the realm of trade, scholars have found that different pieces of national-level information concerning trade policies matter differently. Hiscox (2006) finds significant issue framing effects. When respondents are primed to link trade to increases in unemployment, they are 17 percent less likely to be supportive. Overall, evidence suggests that the specifics of a trade agreement help to determine its public support. Furthermore, these specifics need not provide any information about how individuals benefit economically, just how the nation

will be affected.

Chiang, Liu and Wen (2013) is, to our knowledge, the only study that has examined the influence of specific trade partners, but their theory is based solely on individual-level economic interest. They argue that individuals compare their country's economic development and their individual skill specificity with those of potential trading partners in order to determine how they personally will be affected by trade. Specifically, highly educated Taiwanese have specific skills that give them a comparative advantage over the Chinese but not over Americans, and thus they are more supportive of a trade agreement with China. While their study points out the importance of trade partners, the mechanism is not measured or manipulated. By contrast, our study manipulates economic self-interest and finds that in the context of trade with China, it is insignificant.

Individual-level Psychological Determinants

Emerging scholarship has started to investigate psychological factors in the formation of individual trade preferences, and nationalism specifically has drawn considerable attention. Scholars using cross-national survey data have found that greater nationalism correlates with more negative attitudes towards trade in general (Ahlquist, Clayton, and Levi 2014; Fordham and Kleinberg 2012; Hooghe and Marks 2004; Kaltenthaler and Miller 2013; Klor and Shayo 2010; Mayda and Rodrik 2005; O'Rourke and Sinnott 2001).

These papers take a huge step in revealing the individual, psychological determinants of support for trade. However, they vary widely in their measures. For instance, Hooghe and Marks (2004) measure national attachment in Europe by asking whether individuals

exclusively identify as citizens of a specific country. Mayda and Rodrik (2005) find that higher national pride is associated with lower support for free trade. Mansfield and Mutz (2009) measure nationalism as ethnocentrism and argue that it results in anti-trade attitudes in general. These measures are often highly contextual, and often conceptualize nationalism as superiority to other nations, more clearly specified as national chauvinism. In doing so they ignore psychological theories of ingroup attachment like SIT and make cross-national generalizability problematic.

National-level Psychological Determinants

Existing literature has largely ignored the national-level psychological determinants of trade policy preferences, and, hence, there are very few studies. Margalit (2012) shows that people facing globalization and trade openness fear not only their material consequences but also the social and cultural impact of openness. His models are somewhat tautological, since the dependent variable (support for trade openness) and the main independent variable (evaluations of globalization and its impacts) are almost synonyms. However, the insight is crucial: the expected effect on a nation or culture will have potentially huge consequences for trade policy support.

Overall, the literature on national level psychological determinants of trade is still too limited to reach a consensus. Going beyond Chiang, Liue and Wen (2013), we argue that the trade partner matters, but for psychological as well as economic reasons. First, trade partners who pose national threats should be seen as less ideal trade partners than those who are not threatening, regardless of their economic characteristics. We expect that perceptions

of threat to the nation from a potential trade partner will decrease support for the agreement. We develop our theory more fully in the next section.

Social Identity Theory in Trade Preferences

We ground our theory of individual and national psychological determinants of trade support in Social Identity Theory (SIT). SIT is built on the minimal group paradigm, in which subjects who were randomly assigned to groups in the lab showed ingroup bias when distributing benefits to the ingroup and outgroup. This was the case despite individuals' personal gain being independent of their group's, and individuals knowing that their group assignments were random (Tajfel et al. 1971). The key insight from minimal groups is that even without any history, particular experience with outgroups, or personal gain to be had, individuals show bias in favor of a group to which they are clearly included as opposed to one in which they are not a member.

SIT builds on this insight from minimal groups to understand group-based behavior outside of the lab, which does entail group histories and individual variations in group attachment. Outside of the lab, any given individual may belong to a variety of ingroups, which can be based on gender, race, etc. Social context makes a particular ingroup (and often specific outgroup) salient, bringing the attitudes and effects regarding that ingroup into members' behavior in that context. The nation is the most salient ingroup in the context of international trade because agreements are signed by nations, thus attachment to the national ingroup is the focus of this paper.

Because the social construction of groups is less clear than the lab assignment of individuals to minimal groups, there is considerably more variation in identification with ingroups in the real world. The more an individual identifies with a group, such as a nation, the more willing she is to sacrifice individual utility for the benefit of the group. Individuals do this not out of pure altruism, but because ingroups fulfill fundamental needs for self-esteem, group belongingness and cooperation (Brewer 1991; Spears, Jetten, and Doosje 2001). When group interest is pitted against self-interest, experiments have shown that high identifiers are consistently willing to sacrifice self-interest for the sake of the group (Ellemers, Spears, and Doosje 1997; Gaertner, Sedikides, and Graetz 1999; Taylor and Doria 1981). For example, high ingroup identifying activists are willing to risk their well-being or even survival for their group cause (Drury and Reicher 2000). Since nations are complex, real world groups, we expect that there will be variation in national attachment among our respondents, and this variation will determine the extent to which an individual is willing to take national over self-interest into consideration when deciding to support a trade agreement.

Our theory draws on two often overlooked facets of SIT: the difference between ingroup love and outgroup hate, and the differentiation of outgroups. First, degree of attachment to the ingroup has no automatic correlation with negativity towards outgroups (Roccas and Brewer 2002). Thus it is common for individuals to be biased in favor of accruing benefits to their own ingroups, but without willingness to unevenly distribute punishment to outgroups. Consequently, we conceptualize nationalism as positivity towards the national ingroup, i.e. pride, as opposed to negativity or superiority towards outgroups, i.e. national chauvinism or ethnocentrism. While many other papers have equated ingroup positivity with

superiority or antagonism towards outgroups, experiments have shown that these concepts are completely separate. In the context of national ingroups, Herrmann, Isernia and Segatti (2009, 746) showed that national chauvinism and national attachment can be separated, and that "attachment to the nation is not the cause of militarist and conflictive dispositions."

Second, attitudes towards outgroups are constructed separately (Lee and Fiske 2006). The crucial difference between cooperative and antagonistic groups in SIT is threat (Miller, Maner, and Becker 2010). If one group poses a threat to the existence or value of another, ingroup identifiers will oppose interaction with it. In the lab, this has been shown consistently (Branscombe, Schmitt, and Harvey 1999; Leach, Snider, and Iyer 2002). Similarly, attitudes towards threatening outgroups have been found to be considerably more negative than those towards non-threatening outgroups in the real world as well (Riek, Mania, and Gaertner 2006). Furthermore, ingroup identifiers prefer to avoid interactions with threatening outgroups (Cottrell and Neuberg 2005). Consequently, we expect those who are more attached to the national ingroup to be most opposed to interaction with outgroups that pose a threat, even when personal economic self-interest is at stake. However, ingroup attachment will have no effect on support for trade with non-threatening countries. When the outgroup is not a threat, then willingness to trade will depend on the economic consequences of the agreement instead of ingroup national attachment.

Leveraging the China-Taiwan Situation

We strategically utilize the China-Taiwan situation to help fill in a gap left by the literature. To begin with, Taiwan has a range of political and economic relationships with its neighbors that allow for optimal clarity when comparing reactions to different outgroups. Moreover, the relationship between Taiwan and China provides a perfect example of a threat to the national ingroup. On the one hand, over 40% of Taiwanese exports and outward investment go to China, making it a realistic partner. Yet on the other hand, trading with China can be seen as trading with the enemy, leading to negative externalities (see e.g. Cabestan and deLisle 2014; Chen 2010; Yu and Lin 2013). According to the Taiwan National Security Studies Surveys (2002-2015),[2] more than two thirds of the Taiwanese people agree with the statement that "Taiwan's economy is over-dependent on Mainland China, and China will take advantage of it and force Taiwan to make certain political concessions in the future." In the 2013 Asian Barometer Survey, [3] 40% of the Taiwanese respondents said China is doing more harm than good in Asia, and 53% said China exerts negative influence on Taiwan specifically (Chu, Kang, and Huang 2015; Huang and Chu 2015). In sum, China is not only a realistic trading partner, but a clear threat to Taiwan.

Taiwan is also a useful case because it serves as a foil for the United States, where most research on nationalism and trade has been done. The U.S. may not be the most generalizable case, in part because it dwarfs its neighbors in terms of size, isolation and military and economic power. Consequently, trade may be perceived very differently in the U.S. than in other parts of the world. For example, 90% of respondents in our representative survey of

[2]The project is moderated by Emerson Niou at Duke University. Data access date: 5/1/2016.
[3]Data access date: 5/1/2016

Taiwan claimed that increasing exports was more beneficial to the nation than decreasing imports. Similarly, according to the World Value Survey data, Taiwan is slightly above average in percentage of respondents who support trade openness, while Americans are below average. Thus, countries that are more pro-trade like Taiwan may entail different preference patterns and present more conservative tests of the relationship between nationalism and trade than the U.S.

Similarly, the U.S. may experience threat to the perceived value of the nation based on disadvantageous trade or immigration, but countries ranging from Syria to Ukraine to Taiwan experience much more realistic threats to their existence, as well as their value. Even in Europe, integration into the EU may be seen by some as a loss of national sovereignty; in fact, the seeming willingness of Germany to allow Greece to leave the Euro, or of the UK to vote to leave it, may stem from an inclination to favor the national ingroup over the Euro Zone. Furthermore, nationalism in the U.S. is correlated with education, racial attitudes, and social dominance orientation in a way that makes the measurement of nationalism more problematic, and makes findings from the U.S. less generalizable. Thus in developing a theory of trade attitudes in general, we take our research outside of the U.S. context, and Taiwan provides an ideal case.

Survey Experiment Design

As we discussed earlier, factors determining support for trade vary along two dimensions: economic versus psychological and personal versus national. It is important to keep the four

separate quadrants formed by these two dimensions in mind, because much of the current research does not distinguish between them, and the national versus personal psychological quadrants have been underutilized. We employ a survey experiment in Taiwan, where we either manipulate or measure all four quadrants, summarized in Table 2. For us, individual level economic interest is represented by the effect of trade policy on individual income, which we manipulate; degree of pride in the nation is in the individual psychological quadrant, which we measure; the effect of the policy on national GDP is the national level economic factor, which we make explicit and hold constant; and finally the trading partner, which we manipulate, is the national level psychological influence on support for trade.

Table 2: Survey Experiment on Trade Policy Support

	Economic (material) factor	**Psychological factor**
Individual-level	Material Self-interest Benefit Manipulation: *either gain or lose 3% income*	National Pride: *Measured in pre-treatment survey*
National-level	National economy: *Held constant as GDP increasing by 3-5% if the trade policy passes*	National threat Trading Partner Manipulation: *China, Japan or Malaysia*

In our first treatment, we operationalize the presence or absence of outgroup threat via trading partner: China, Japan or Malalysia. China's explicit claims to control Taiwan trigger protective instincts in respondents depending on their attachment to the ingroup, translating into opposition to trade with China. While China serves as a perfect national, psychological threat in our experiment, it is necessary to separate the threat to the Taiwanese ingroup from other aspects of China as a trading partner. We chose Malaysia as another trading partner because it is extremely similar to China in terms of trade conditions, yet without the same national threat. Furthermore, Malaysia and China share the same level of economic

development and are each endowed with an abundant labor force, and twenty-five percent of the population in Malaysia is ethnic Chinese. Thus, if respondents are using trading partner as a cue for economic consequences or increases in immigration, then Malaysia would have the same effect as China.

Japan is added as a third and final country for two reasons. On the one hand, people might argue that the effect of China is a result of China being a great political and economic power in the region rather than China being a threat to Taiwan's nationhood. We add Japan to exclude this possibility. Like China, Japan is also a dominant political and economic power in East Asia. On the other hand, if individual trade attitudes are influenced by the strength of the trading country, China and Japan should have similar effects. In fact, Japan is Taiwan's largest trade partner, and is the nation with which Taiwan has the greatest trade deficit. This deficit results from the fact that many of Taiwan's industries (particularly high-tech industries) rely on Japan to supply manufacturing components and technology. Therefore, any effect of China in comparison to Japan and Malaysia can be attributed to the specific threat that China poses to Taiwan as a nation.

The second treatment is whether an individual would benefit from the proposed trade deal. Previous research has noted the difficulty individuals are likely to have in attempting to calculate the effect any given policy will have on them personally. Randomly telling our subjects that their monthly salary will increase or decrease by 3% if the proposed policy passes enables us to discern the exogenous effect of economic self-interest, divorced from the national economic consequences of trade. We choose percentage because it is less responsive to different levels of income, such that both low and high earners would be expected to react

similarly. We expect individuals benefiting from the deal to be more supportive, as long as China is not the trade partner.

We control for the sociotropic economic perceptions that may shape individual attitudes toward trade policy by explicitly stating in all treatment conditions that if the trade agreement were passed, the overall GDP of Taiwan would be expected to increase by 3-4%, exports by 2-5%, and inequality would be unaffected. We chose these figures to be as realistic as possible in size and in the positive direction, since Taiwan is an island economy which tends to benefit from trade openness. We also wanted to make sure that the national economic quadrant of our two dimensional table was positive so that any negative effects on support for the trade policy could be attributed to the trade partner. Finally, we wanted to show that even when the nation benefits economically, the trade partner can still be considered threatening, and cooperation may still be opposed.

Part of the power of our study stems from the fact that we hold benefit to the national economy constant, and directly manipulate the effect of the policy on individual income. In doing so, we separate the respondents' individual- and national-level economic interests and obviate the need to use one as a cue for the other. This enables us to better estimate the exogenous effect of economic self-interest on support for a trade policy. Furthermore, because we have explicitly separated the economic effects of the policy on the individual and on the nation, when we see no effect of economic self-interest, it is not because of collinearity or endogeneity issues.

Last, we employ various measures of nationalism to test how different ways of concept operationalization have different inferential consequences. Our goal is to show how national

attachment at the individual level interacts with threat at the national level. In our survey experiment, national attachment is measured by national pride. To ensure that positivity towards the nation is the crucial variable, as opposed to national chauvinism, we measure both and find that they are not highly correlated, and that pride is a better indicator of responsiveness to national ingroup threat (see Supporting Information for the wordings of different measures).

Hypotheses

Based on the general theory we have constructed, we argue that greater national attachment implies greater investment in the overall well-being of the nation. Respondents who are most attached to the national ingroup should be most interested in maximizing national utility, both economically and politically. Since 90% of our respondents overwhelmingly agreed that trade is in Taiwan's interests, and they were all told that the national GDP would increase if the trade agreement were signed, respondents should have been supportive of trade based on national economic utility. However, the political utility of trading with Japan and Malaysia should be very different from that of trade with China. We conjecture based on SIT that those who are most attached to the nation of Taiwan are the most sensitive to threats to it, and the most willing to forego material interests for the sake of the nation. In this study, China should pose a stronger threat to Taiwan politically, but not economically, and thus those most proud to be Taiwanese should be most opposed to trade with China, but pride should not affect support for trade with Japan or Malaysia.

Here are the hypotheses generated from our theory and research design:

- H1. National threat (i.e. trade with China) will decrease support for the trade agreement.
- H2a Individuals who benefit economically from the trade agreement will generally be more supportive of it.
- H2b National threat will suppress responsiveness to personal benefit, such that the economic benefit treatment will be insignificant in the context of trade with China.
- H3. National attachment will moderate support for the trade agreement in the context of national threat, such that greater pride in Taiwan will be associated with less support for the trade agreement, but only if it is with China.

Data Collection

Survey Procedure

In our online survey, every respondent was first asked questions about demographics, attitudes towards Taiwan and other nations, general attitudes towards trade, etc. Then respondents read a passage about a potential trade deal which they are randomly told will either increase or decrease their income, and that it is either with China, Japan or Malaysia. At the end of the survey respondents are asked to evaluate the proposed trade agreement on a 7-point scale, which is our dependent variable. The question is: *"We would like to know what you think of this possible trade agreement. Are you supportive or opposed to this policy?"* The highest (lowest) score means that the respondent is extremely supportive (opposed) to the trade agreement. The medium score 4 represents neutrality.

Respondents were asked three manipulation check questions to ensure that they were

actually absorbing the economic self-interest, national economic interest and trading partner information given in the treatments. Respondents often skim surveys very quickly when taking them online, so it is important to know which participants were paying attention. These checks allow for greater interval validity, because they ensure that those who pass them have the information on which we expect them to base their responses. Furthermore, the treatments we used were purposely very subtle. Nothing verbally or visually drew special attention to the treatments, which were only mentioned once in the process of explaining a relatively dry policy. It was designed this way to decrease demand effects, where respondents might respond to the dependent variable differently based on the assumption that the researcher wants them to answer a certain way. This design and the use of manipulation checks help to show that people really take economic self-interest, national economic interest and trading partner into account when determining their support for a given trade policy without being prompted. Subtlety also makes the experiment more realistic to real policies and news stories about them, increasing our ecological validity. However, it also means that participants who were paying less attention or had worse recall for detailed information were dropped, potentially making the findings less generalizable to the less educated or less interested, but making them more internally valid. We perform tests of balance and selection into the reduced sample to make sure that respondents who drop out of our sample are balanced across treatment groups and to show that we are not dropping responses strategically.[4]

[4]We regress a dummy for having passed the three checks on treatments, national pride and on demographic variables; the results show that 1) the selection into treatment is balanced across all treatment groups, 2) pride is not predictive of passing, and 3) less educated and younger people are more likely to fail at least one of the checks. This regression indicates that we can treat missingness as if at random in regards to our estimates of treatment effects and the interaction of pride with treatments. Consequently, while our ability to

Sample

The survey experiment was administrated through Pollcracy Lab (PL) hosted by the Election Study Center at the National Cheng-chi University in Taiwan from September 30th to October 8th in 2014. 831 respondents were collected in the span of 9 days. The Election Study Center (ESC) is one of the leading agencies conducting public opinion surveys in Taiwan. The ESC has relied on a Computer Assisted Telephone Interviewing (CATI) system to conduct their surveys. Starting from 2006, the ESC has started to construct their online panel through random digit dialing (RDD), the same method as telephone interviewing. Hence, it is a probability-based panel, covering the Taiwanese population aged 20 years and older consisting of more than 10,000 panelists.

Even though PL is a probability-based panel, selection bias may still exist. The biggest source of selection bias comes from the chosen panelists who, nevertheless, were unwilling to join the online panel. The ESC compares the online panel and surveyed panelists with the 2010 census data. The result shows that the online panel is no different from the Taiwanese population in terms of gender and of geographic composition, but there is a city bias (Yu 2012). The online panel is also younger and more educated. To test whether extra bias is entailed in online surveys, the ESC has conducted the same survey through both the online and telephone formats and found that the results are almost identical. Thus, we should be able to reasonably generalize beyond our sample, especially to those in cities under 50 with at least high school education. Regardless, the internal validity of our results does not hinge

generalize to the very low educated is limited, the internal validity of the experiment holds up. For details, see the Supporting Information.

on the representativeness of the sample, but on the random assignment of our treatments.

Findings

Since we are using an experiment, we can estimate the effects of our treatments simply by comparing the differences in means. Below is a plot of the raw means of the dependent variable, support for the trade policy, split up by treatment group with 95% confidence intervals (Figure 1). No models have been run on this data, yet the predicted pattern can easily be seen. As expected in H1, support for trade with China is significantly lower than support for trade with Japan or Malaysia. In keeping with H2a, the material self-interest effect can be seen in the difference between those told that they would economically gain versus lose from trade with Malaysia or Japan. However, in keeping with H2b, economic benefit is insignificant in the China treatment groups.

These findings hold if we run a regression on the data, which also enables us to test H3. In Table 3, the first column shows the model with just the treatments, and China is the most substantively and statistically significant variable. In support for H1, the coefficient for China is negative, such that when Benefit is held at zero, meaning the respondent was told they would lose income, support for trade is significantly lower if the trading partner is China than when it is Malaysia, the omitted category. Similarly, when benefit is held at 1, meaning the respondent gains income, then the difference in support for the agreement is even greater if the partner is China rather than Malaysia.

In support for H2a, the coefficient for the constitutive effect for Benefit is positive,

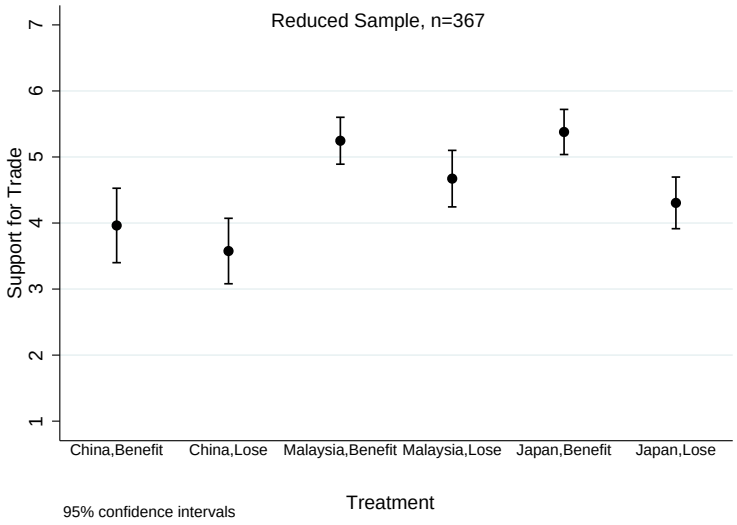

Figure 1: Raw Mean Support for Trade by Treatment Group

representing the effect of benefiting when the country is Malaysia. Figure 2 shows that respondents were also more supportive of trade with Japan when it would increase their personal incomes. However, given China as the trading partner, Benefit becomes insignificant, indicating that direct financial incentives were unable to raise support for trade with China, just as H2b conjectured. In other words, the economic self-interest incentive that was powerful enough to affect support for trade with Japan and Malaysia was powerless in the face of the threat to the national ingroup posed by China.

Our experiment makes it very clear that China has an exogenous effect on support for a given trade policy. Because the effects on the national economy were held constant, the effect of China cannot be attributed to anticipated national economic benefits or dangers. Consequently, inferences the respondents could make from the national level to their personal economic interests beyond the effect of the agreement on their income are also held constant.

Table 3: Regression of Support on Treatments and National Pride

	Column 1: Baseline Model	Column 2: Pride Model
China	-1.096***	0.953
	(0.33)	(0.86)
Japan	-0.367	0.117
	(0.29)	(0.76)
Benefit	0.574*	0.571*
	(0.28)	(0.28)
China x Benefit	-0.187	-0.193
	(0.47)	(0.46)
Japan x Benefit	0.5	0.49
	(0.38)	(0.38)
National Pride		0.186
		(0.72)
China x Pride		-2.65*
		(1.09)
Japan x Pride		-0.611
		(0.38)
Constant	4.672***	4.522***
	(0.21)	(6.03)
R2	0.13	0.16
N	367	367
Robust standard errors		
* p<0.05; ** p<0.01; *** p<0.001		

Furthermore, our theory that those who are most attached to Taiwan would be the response to the threat China poses to Taiwan is bolstered most by the interaction of trading partner with national pride. In keeping with H3, the second column of Table 3 shows that the interaction between pride and China is negative, substantively large, and statistically significant. As expected, those who are highest in national attachment are the most willing to sacrifice their economic self-interest when confronted with a threatening outgroup, i.e. China. In fact, the constitutive effect of China completely disappears with the incorporation of Taiwanese national pride. In other words, those who were very low on pride, such that pride

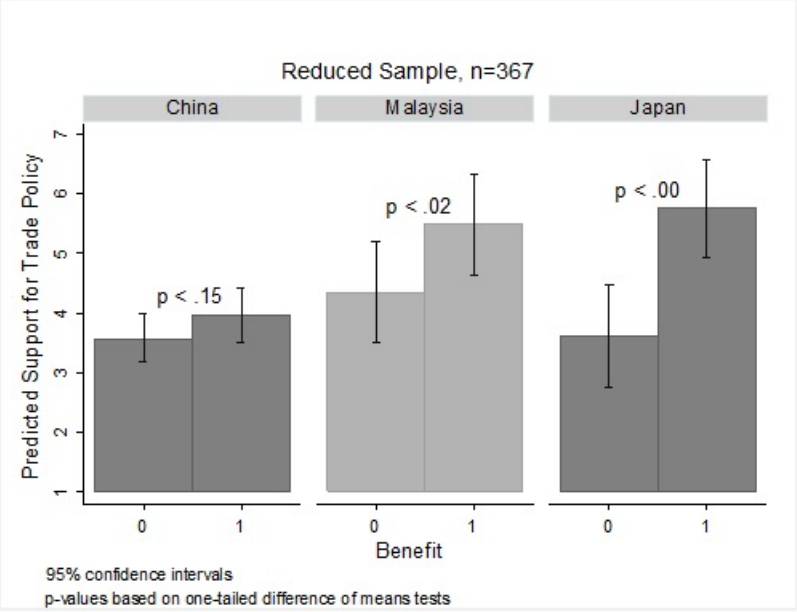

Figure 2: Marginal Effects of Benefiting Personally

equals zero, did not oppose trade with China, but those who were highest on pride, (pride =1) were statistically and substantively significantly opposed to trade with China. Thus, the negative reaction to China was driven by those most attached to Taiwan.

In keeping with our theory about differentiation between outgroups and H3, the relationship between support for trade and national pride varies by country. Figure 3 below, shows that as national pride, a continuous variable, increases from its minimum to its maximum, support for trade with China plummets from about a 5.5 to 3, on a scale from 1 to 7. By contrast, the effects of pride for support for trade with Japan and Malaysia are relatively flat. Furthermore, 90% of respondents said that generally increasing exports was better than decreasing imports, so support for trade itself is generally high. Together these results show that contrary to previous research in the United States, national attachment does not make Taiwanese respondents any less supportive of trade in general, but does suppress support for

trade with a partner that poses a threat to the national ingroup. In that instance, individuals are willing to forego personal economic benefits and increases to national GDP in order to decrease interdependence with that outgroup.

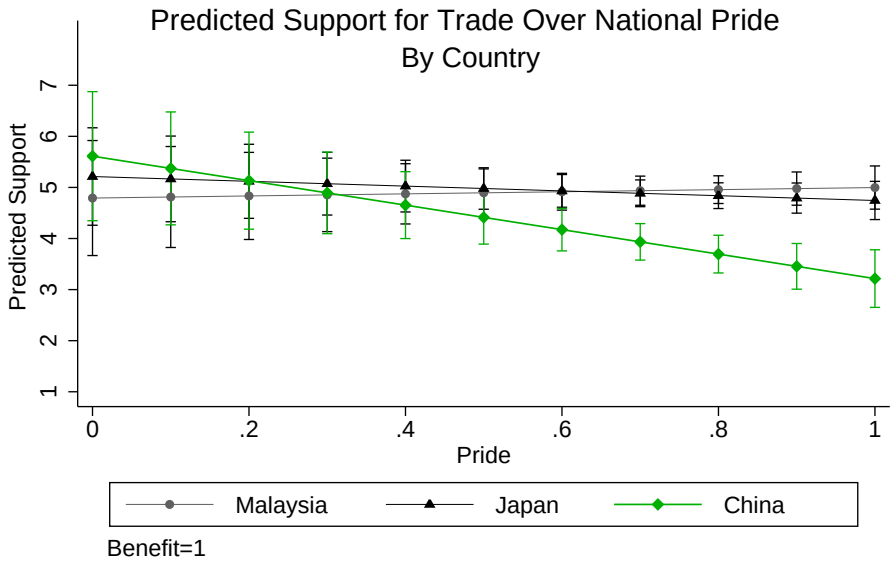

Figure 3: Predicted Level of Support of Pride by Country

We find further verification that ingroup attachment is the key determinant of responsiveness to China by comparing it to national chauvinism –thinking that Taiwan is better than most other countries. If nationalism were really about superiority to other countries as much of the literature has argued, then willingness to interact with other countries, in this case through trade, would be dependent on national chauvinism instead of ingroup pride. When interacting the treatments with chauvinism in Table 4 below, we find clear evidence that it is unrelated to support for trade across the treatment groups.

Thus, we have supported our claim that positive feelings towards one's own nation,

Table 4: Regression of Support for Trade Policy With Chauvinism

	Column 1: Chauvinism Model
China	-0.819
	(0.44)
Japan	-0.50
	(0.40)
Benefit	0.576*
	(0.28)
China x Benefit	-0.130
	(0.47)
Japan x Benefit	0.497
	(0.38)
Chauvinism	0.119
	(0.68)
China x Chauvinism	-1.098
	(1.07)
Japan x Chauvinism	0.465
	(0.85)
Constant	4.640***
	(0.30)
R2	0.14
N	367
Robust standard errors	
* p<0.05; ** p<0.01; *** p<0.001	

measured by national pride, is actually a stronger conceptual and empirical predictor of trade preferences than chauvinism. We have thus demonstrated that popular preferences for trade depend on positive feelings towards the nation, rather than a desire to dominate other countries. The fact that national pride is associated with lower support for trade with China, but not Japan or Malaysia, provides strong evidence for our SIT-based theory that support for trade depends heavily on the threat posed to the national ingroup by the specific trading partner.

Given the significant number of respondents dropped after the manipulation checks, it

is important to show that they were not dropped strategically, and that our findings are robust to choice of sample. To be clear, the exact statistical meanings of these estimators are different, but they are equally valid. The full sample unbiasedly estimates the Intentation to Treat (ITT), and the reduced sample estimates the Average Treatment Effect on the Treated (ATT), similarly without bias. In Table 5 below, we show the models with and without pride run on both the reduced (columns 1 and 3) and full (columns 2 and 4) samples, and find similar results. These are both reasonable conceptualizations of causal effects, and the greater point of showing a causal effect of China on support for trade is legitimated by the similarity of the results. In comparing columns 1 and 2, we can see that the treatment effect of China is consistent, whether we estimate ITT or ATT. Columns 3 and 4 similarly show that the moderating relationship of pride on the effect of China holds regardless of the sample being full or reduced.

Taken all together, our findings suggest that people generally respond to some degree to their individual, material interests when they can perceive the direct impact of a trade policy on their economic well-being. However, self-interest can be completely overwhelmed when psychological factors are brought to the fore by a particular trading partner. In other words, people who were told they would personally benefit from the trade agreement were generally more supportive of the agreement, unless the trading partner posed a threat to the national ingroup. As expected, those most attached to the ingroup, i.e. most proud to be from Taiwan, were most responsive to the threat posed by China. These respondents were willing to forego personal economic gain in order to avoid greater interdependence with a trading partner who poses an existential threat to Taiwan.

Table 5: Regression of Support for Trade with Different Sample Sizes

	Column 1: Baseline Model (Reduced Sample)	Column 2: Baseline Model (Full Sample)	Column 3: Pride Model (Reduced Sample)	Column 4: Pride Model (Full Sample)
China	-1.096***	-0.661**	0.953	0.981
	(0.33)	(0.23)	(0.86)	(0.60)
Japan	-0.367	-0.298	0.117	0.680
	(0.29)	(0.21)	(0.76)	(0.57)
Benefit	0.574*	0.275	0.571*	0.277
	(0.28)	(0.20)	(0.28)	(0.20)
China x Benefit	-0.187	-0.322	-0.193	-0.322
	(0.47)	(0.32)	(0.46)	(0.32)
Japan x Benefit	0.500	0.391	0.492	0.387
	(0.38)	(0.29)	(0.38)	(0.29)
National Pride			0.186	0.215
			(0.72)	(0.51)
China x Pride			-2.650*	-2.117**
			(1.09)	(0.74)
Japan x Pride			-0.611	-1.265
			(0.92)	(0.68)
Constant	4.672***	4.595***	4.522***	4.428***
	(0.21)	(0.15)	(0.60)	(0.43)
R2	0.14	0.05	0.16	0.07
N	367	805	367	805

Robust Standard Error
* p<0.05; ** p<0.01; *** p<0.001

Conclusion

This paper makes three main points in the debate on trade preference formation. First, we argue that threats from trade partners are important factors in determining individuals' support or opposition to trade agreements. For example, for Eastern European countries, trading with Russia is very different from trading with the European Union due to the unique political dynamics they have with each. This national, psychological factor in mass opinion has previously been ignored, but we have shown that it warrants considerable attention.

Second, we have shown that the individual-level psychological factor of nationalism moderates the relationship between outgroup threat and support for trade. In this case, we have shown that the more proud a person is of their national ingroup, the more responsive they are to the threats to that ingroup, in this case from China, a trading partner that wants to absorb Taiwan. We have been very precise in our conceptualization and measurement of nationalism, and have grounded our experimental design in a more nuanced understanding of how it should be expected to play into trade decisions.

Third, while we embrace the political behavior literature, we disagree with the recent skepticism towards self-interest. By using a survey experiment, we were able to show that economic self-interest does matter when people receive information on how a policy influences their personal income directly, distinct from psychological or sociotropic factors. Furthermore, we have shown important scope conditions on the effect of economic self-interest, which can be nullified by a realistic, psychological, national-level factor inherent to any trade agreement: trading partner. Building on lab experimental findings showing differential reactions of high ingroup identifiers to outgroups based on threat (Ellemers, Spears and Doosje 2002), we have shown that outgroup threat in a realistic political setting is strong enough to overcome economic self-interest, with significant consequences for support for trade. In doing so, we hope to have shed some light on how both the economic v.s. psychological and personal v.s. national dimensions interact to determine trade policy preferences.

Our findings, especially in comparison to the recent research on trade preferences in the United States, and redistributive preferences in the UK (Klor and Shayo 2010), beg for additional work on nationalism, and greater attention to its conceptualization and

measurement. As we pointed out in the article, national attachment is both conceptually and empirically preferable to national chauvinism to measure nationalism. At the theoretical level, national attachment captures the strength of ingroup identity, as conceptualized using SIT. The degree of national attachment is also more comparable across countries, especially outside of the U.S. context. At the empirical level, chauvinism gives us little to no purchase on the relation with any specific trading partner. Moreover, in many countries, national chauvinism and ethnocentrism are correlated with other variables (e.g. education) that also play a role in economic theories, making it vulnerable to problems of confounding.

Also, we think that trade partners matter and each trade deal should be evaluated in its own right. The usual survey item on "general support for trade" is too abstract to assess people's underlying trade preference toward specific trade deals for two reasons. First, being supportive toward trade in general does not always lead to support for every trade agreement. We have shown that support will be suppressed if the trading partner is threatening, for example. Second, the general support for trade survey question may tap into various concepts (e.g. openness toward the world), to the point that it may be too conflated to be analytically useful. Therefore, building on our article, we suggest shifting from general trade attitudes to the study of support for trade (or any form of engagement) with specific partners in the future.

Ultimately, we see the economic and psychological literatures on trade as complementary, and hope to have highlighted and extended the powerful contributions of each. Methodologically, we appreciate the immense knowledge that has been gained from surveys, but contend that no single approach to theory-testing is sufficient. Thus we employ an experiment in

taking an initial step towards clarifying and unifying different theories and concetualizations of the determinants of trade, with the addition of outgroup differentiation. Ideally, next steps will introduce other contextual factors of trade agreements, and utilize experiments and other methods to gain causal purchase on the key determinants of trade support in various realistic contexts.

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