How the macroeconomic context impacts on attitudes to immigration: Evidence from within-country variation

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ABSTRACT

This study investigates the effects of the macroeconomic context on attitudes to immigration. Earlier studies do in some cases not provide significant empirical support for the existence of important such effects. In this article it is argued that this lack of consistent evidence is mainly due to the cross-national setup of these studies being vulnerable to estimation bias caused by country-specific factors. The present study instead analyzes attitude variation within countries over time. The results provide firm empirical support in favor of macroeconomic variation importantly affecting attitudes to immigration. As an illustration, the estimates indicate that the number of individuals in the average European country in 2012 who were against all immigration from poorer countries outside Europe was 40% higher than it would have been if macroeconomic conditions in that year had been as good as they were in 2006.

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1. Introduction

It is commonly expected that public attitudes towards immigrants and immigration become more positive in good economic times and more negative in economic downturns. This is the pattern that will emerge if attitudes are influenced by perceived competition from immigrants for economic resources (Blumer, 1958; Blalock, 1967). However the quantitative empirical literature on the subject has yet to provide consistent evidence of the existence of this pattern. The common identification strategy in this literature is to regress a measure of attitudes to immigration on either GDP per capita or unemployment rates in a cross section of countries. The results reported in this literature include statistically significant coefficients with the expected as well as with the unexpected signs, while often the reported coefficients are not significant in either direction.

A main concern with the cross-national research design is that countries are few and highly heterogeneous. Hence cross-national identification strategies are vulnerable to bias in either direction from omitted country-specific factors. This problem is a plausible explanation for the widely diverging results obtained in the literature. In this context of few and heterogeneous countries, an identification strategy where each country is observed several times and inference is made exclusively from variation over time within countries is likely to be preferable to the cross-country strategy. The present study analyzes how variation in macroeconomic conditions influenced the variation in attitudes to immigration over time within 23 European countries that were observed biannually 2002–2012 (with few holes) in the European Social Survey. As will be seen, with six time periods and with large variation within countries in macroeconomic conditions due to the post-2008 economic crisis, this strategy enables precise and robust estimation of the parameters of interest.

2. Previous literature

In theory it is simple to defend the hypothesis that macroeconomic circumstances are important in shaping the pattern of attitudes to immigration in a country. We may expect unemployed individuals and individuals who feel at risk of being unemployed to be less welcoming to immigrants, whom they may perceive of as competing for the jobs and/or public resources that they want themselves. In a macroeconomic downturn the number of such individuals increases, and hence the number of people who want to reduce immigration should increase as a mere mechanical effect. However the most popular theory on the issue also predicts effects beyond the mechanical. Group threat theory (or group conflict theory), as formulated by Blumer (1958) and Blalock (1967), focuses on majority group members' identification with their own group, and on the perceived threat posed by minority group members towards the power and economic resources of this majority group. Hence according to this theory, an economic downturn should imply more negative attitudes towards minority groups also among majority group members who do not personally feel threatened.

While originally developed in the context of US race relations, group threat theory is general in its formulations of majority and minority groups (or in-versus out-groups), and serves as a standard theoretical backdrop to empirical investigations of natives' attitudes towards immigrants or immigration. The pioneering empirical study in this literature was done by Quillian (1995), who regressed a measure of prejudice against immigrants on the inverse of GDP per capita across twelve European countries that were observed in 1988. Similar estimation strategies were later applied by Scheepers et al. (2002), Semyonov et al. (2006, 2008), Sides and Citrin (2007), and Schneider (2008). The results of these studies include statistically significant estimates with the expected as well as with the opposite signs. Semyonov et al. (2006) found the unexpected result that higher GDP per capita was associated with significantly more negative attitudes in 1988, while Semyonov et al. (2008) and Schneider (2008) found the opposite (i.e. the theoretically expected) association in 2002. However the estimates reported in this literature are often not statistically significant in either direction.

Yet the absence of consistent empirical evidence need not imply that the expected effects do not exist. As will be illustrated in this article, the pattern of attitudes to immigration across European countries is highly persistent, regardless of which countries are currently in better or worse macroeconomic situations. With few countries it is difficult with a cross-country strategy to isolate the effect of interest through this persistent pattern. A standard way to overcome a problem like this is to instead observe each country at several points in time and use a within-country identification strategy. In such a strategy, unknown and time-invariant country-specific factors are absorbed into country-specific intercepts ("country fixed effects"), and inference is made explicitly from the variation in the independent and dependent variables over time within countries.

While fixed effects identification strategies are common in economics, they are substantially less so in the other social sciences. There exists only one study which applies country fixed effects when estimating the impact of macroeconomic conditions on attitudes to immigration. Meuleman et al. (2009) analyze changes in attitudes to immigration between 2002 and 2006 in 17 European countries (using fixed effects and — as they do — analyzing changes are identical strategies when there are only two time periods).[1] Their results are indicative yet not conclusive about the expected pattern. They do not find evidence of any impact of changes in GDP per capita on attitudes, and the estimated effect of changes in unemployment rates is only significant at the 10% level. This may not be surprising due to the limited statistical power obtained with only sixteen degrees of freedom in the analysis. As yet there exists no study that applies a within-country strategy to analyze the effects of macroeconomic variation on attitudes to immigration on a larger data set with more macroeconomic variation within countries. Filling this lacuna is the primary aim of the present study.

3. Data and variables

3.1. Attitudes to immigration

The measures of attitudes to immigration that are used in this study were obtained from the European Social Survey (henceforth: ESS). This survey was conducted biannually 2002–2012 and covered most yet not all European countries in each year. The present study samples 23 countries that were included in at least four of the six survey waves. The sample includes 127 country-by-year combinations, i.e. there are 11 holes in the country-by-year matrix. Since the objective is to study native attitudes towards immigration, non-native individuals are deleted from the sample. The sample thus attained consists of 224,600 native individuals. Their distribution across countries and survey years is shown in the appendix. Sampled individuals are unevenly distributed across countries and years. Weights are therefore used in all data analysis to make each country-by-year cell equally influential on the results.

Our primary measure of attitudes to immigration is obtained from the survey question:

(1) Is [country] made a worse or a better place to live by people coming to live here from other countries?

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[1] In one part of their analysis, Semyonov et al. (2006) apply a hybrid strategy, where data from four sample years are pooled into one dataset. Yet fixed effects are not applied, and neither is it not possible to disentangle to what extent their results are influenced by between- and within-country variation respectively.