DOES *Fleet Street* SHAPE POLITICS?
How newspaper reporting on globalization changes the support for unemployment insurance[*]

Benjamin Protte[†]

University of Mannheim

Work in progress
Please do not cite or circulate without permission

Abstract

In this paper, I quantify the role of media in the process of formation of demand for unemployment insurance. Theory suggests that individuals who feel threatened by globalization demand compensatory policies. Using a novel method of quantitative text analysis, I derive measures on the stance to globalization for all major British newspapers between 2001 and 2005. Results of regressing individual demand for unemployment insurance on my measure of globalization-specific newspaper positions show a consistent, sizable, and significant effect. This effect is in line with theoretical predictions and is robust to the inclusion of various controls such as real trade effects and to accounting for biases resulting from self-selection of readers into newspapers with similar policy attitudes.

JEL Classification: F1, H11, H55, L82, D78
Keywords: Globalization, Welfare State, Compensation Hypothesis, Media, Quantitative Text Analysis

1 Introduction

Globalization[1] has been one of the predominant forces in shaping the global economy over the last decades. With falling transportation costs, falling barriers to trade, and rapidly growing access to the internet and other communication devices, global economic integration can be expected to intensify even further in the years to come. Although trade theorists seem to agree that economic integration and resulting specialization is overall beneficial, this view is not shared by the entire public sphere. Increasing exposure to (perceived) income risks due to globalization triggers demand for compensating welfare policies as propagated by the compensation hypothesis (cf. Cameron 1978; Rodrik 1998). However, governments may find it hard to

---

[1]Throughout this paper, I use the terms globalization and (international) economic integration interchangeably, cf. Rodrik (2000).

finance these welfare policies since economic integration also imposes limits on their ability to levy taxes on capital or mobile high-income earners. Understanding to which extent deepening economic globalization affects the demand for welfare policies and on which particular social groups these changes in demand concentrate is thus an essential prerequisite for assessing the sustainability of welfare systems.

This paper contributes to understanding these mechanisms by analyzing the effects of media consumption on the formation of voters' demand for compensatory policies. This combination is a novel approach since the two strains of literature have developed separately in former times. On the one hand, the literature on how globalization affects individual demand for welfare policies has so far mostly focussed on the channels suggested by classical trade theory (e.g. Burgoon 2001; Cusack, Iversen, and Rehm 2006; Rehm 2009) and more recently also on firm-level trade effects (Walter 2010). All these papers rest on the implicit assumption that individuals are able to quantify the effect of globalization on the income when having trade theories and trade statistics at hand.

On the other hand, there is a recent strain of research highlighting the impact of media reporting on individual behavior as well as on aggregate policy outcomes. For example, Gentzkow and Shapiro (2004) study in a seminal paper how media reporting affects individuals' views on the US and on 9/11. La Ferrara, Chong, and Duryea (2008) stress the importance of media consumption for fertility decisions. At the aggregate political level, Strömberg (2004) shows an impact of radio access on public spending in US regions and DellaVigna and Kaplan (2007) estimate the effect of FoxNews on Republican vote shares.[2] These papers reveal considerable effects of media reporting on both individual opinions and aggregate policy outcomes in a variety of settings. Therefore, there is good reason to expect media reporting on economic globalization to affect individual demand for compensating welfare policies. If this turns out to be the case, this gives us a far more comprehensive understanding of how globalization is going to shape size and scope of welfare systems.

Accounting explicitly for the policy position of the media consumed by individuals is the second major contribution of this paper. Most of the papers mentioned above look at rather crude measures for media consumption, such as newspaper dummies, media availability, or the coverage frequency of a certain topic.[3] When using such measures, the effect of the exposure to media on political outcomes is unclear from a theoretical perspective, since the precise position of a media outlet is unknown. Often, implicit assumptions on relative positions of media outlets are made. Such assumptions seem to be justified when we are concerned with broad left-right effects. However, such assumptions are far less convincing in settings with several media outlets, several time periods, or topics rarely covered in the media.

The third major contribution of this paper consists in the construction of reliable and replicable measures for the stance of British newspapers towards globalization. The necessity

---

[2]Further related literature is e.g. Prat and Strömberg (2005); Knight and Chiang (2008); Gerber, Karlan, and Bergan (2009); Durante and Knight (2009); Faccini and Mayda (2009) with a focus on individual opinions and e.g. Gentzkow (2006); Oberholzer-Gee and Waldfogel (2009) with a focus on aggregate political outcomes.

[3]The coverage frequency is a crude measure for the so-called *first-level agenda-setting*. According to the theory of *first-level agenda-setting*, more exposure to media leads to the formation of *any* opinion.

to collect this data is a direct consequence of the previous argument. To collect the data, I rely on a method of quantitative text analysis propagated by Laver, Benoit, and Garry (2003) and used by political scientists to analyze the political positions of manifestoes and political speeches.[4] The statistical algorithm implemented by Laver, Benoit, and Garry (2003) in their wordscores-routine creates objective and time-variant measures for topic-specific policy positions by comparing word frequencies in the dataset with those in so-called reference texts. These measures can be targeted to specific policy issues and thus go far beyond crude left-right categorizations. Applying this method to all newspaper articles on globalization in 10 major British newspapers between 2001 and 2005, I find strong support for my initial assertion that the general policy slant of a newspaper is not a good indicator for the position of a newspaper towards globalization since these two measures are neither highly correlated nor are newspapers' positions stable over time.

Being the first paper to control explicitly for the endogeneity of media consumption is the fourth major contribution of this paper. Most prior research, though in principle aware of the issue, has not tackled this point so far. However, when individuals choose to read newspapers which perfectly meet their prior opinion on an issue, the entire correlation is caused by reverse causality. Since such selection is most likely at work, it is important to control for it and to quantify the effect. In this paper, I thus instrument for the individual newspaper choice by regional readership characteristics. As it turns out in the empirical investigations, endogeneity is an issue in the data. Interestingly, the quantitative impact of endogeneity is by far larger when measuring the newspaper position in the traditional way by newspaper dummies than when using the new data collected for this paper. This result lends additional relevance to my research strategy.

The analysis requires linking individuals to the content of media information they consume. This is non-trivial in practice since hardly any survey on media consumption behavior collects the data on the socio-economic background of respondents which is necessary to control for economic effects of globalization. Due to the highly concentrated newspaper market in the UK, however, large-scale surveys such as the British Social Attitudes Survey (BSAS) include questions on newspaper readership behavior. I use this exceptional dataset both to link newspaper readership to an individual and to control for economic effects of globalization at the individual level. Due to limitations in the availability of both newspaper data and major economic control variables, I have to restrict the time-span of the investigation to the period 2001 to 2005.

Linking the measures for newspaper content to individuals in the BSAS dataset, I find evidence for the existence of an impact of media reporting on individual demand for unemployment insurance. This effect is economically significant: Moving from the most globalization-sceptical newspaper (The Star in 2002) to the most globalization supporting one (The Express in 2005) reduces the likelihood to favor an expansion of unemployment benefits by about 11 percent in

---

[4]The first paper in economics that goes this way is Gentzkow and Shapiro (2010). Using methods of quantitative text analysis in the vein of Laver, Benoit, and Garry (2003) they estimate measures for the overall left-right orientation of 433 US newspapers in 2005.

the baseline regression. The inclusion of both individual socio-demographics and controls for trade effects does hardly affect this magnitude. Furthermore, coefficients are slightly smaller (by one percentage point) when accounting for self-selection into readership, but remain both statistically and economically significant. The effect of being a supporter of the Labour Party rather than non-partisan, e.g., is of comparable magnitude. Hence, the effects of media on the formation of demand for compensating policies need to be taken into account when investigating how globalization is going to shape welfare systems.

The article proceeds as follows: In the next section, I discuss why we can expect reporting on economic globalization to have an effect on individual demand for welfare policies. In the third section, I present the data used in the empirical investigations, give a brief introduction into methods for quantitative text analysis, and explain how the text measures used in this paper are derived. Section four presents and discusses the empirical findings. The final section summarizes results and highlights its implications.

2 Theoretical Framework

2.1 Globalization and Demand for Welfare Policies

Welfare policies have redistributive aims or insurance purposes or a mixture of both as objective. To understand how globalization influences individuals' demand for these policies one therefore has to think about how the forces of globalization affect both income levels and here in particular the distribution of incomes as well as the volatility of earnings.

The first line of argumentation is mostly concerned with the redistributive role of welfare policies. In addition to various personal characteristics (compare e.g. Alesina and Giuliano (2009)), income expectations are found to play a major role in the formation of demand for redistribution.[5]. The role of income expectations is of importance since trade theories such as Heckscher-Ohlin or Ricardo-Viner models as well as more recent models in the fashion of Yeaple (2005) entail relatively clear-cut predictions on who can expect to gain and who to lose if economic integration intensifies. Since all the relevant cleavages –education levels as well as sectoral or occupational affiliation– are quite sticky at the individual level, forward-looking rational individuals should be able to extrapolate the impact globalization is going to have on their future incomes and therefore adjust their demand for redistribution appropriately.

The other line of argumentation is concerned with why globalization increases demand for state-provided insurance. Since it is well-established that risk-averse individuals facing income risks demand insurance against this uncertainty, it remains to be shown that economic globalization does not only affect rather long-term income movements but also the volatility of earnings in the short-run. Essentially the whole literature on the so-called compensation hypothesis as introduced to economics by Rodrik (1997, 1998) rests on this assumption. However,

---

[5]This argument has been modeled theoretically by Bénabou and Ok (2001) and tested empirically by Alesina and La Ferrara (2005).

as Rodrik (1998, p.1021) remarks, economic integration allows to diversify risks. At the same time, it fosters a more specialized economic structure and facilitates the transmission of foreign shocks into the domestic economy. Since these effects push the volatility of earnings in opposite direction, the overall volatility-reducing effect of economic integration needs to be assessed empirically. In a related paper, Kim (2007) is able to show that external risk as measured by the volatility of terms of trade, net trades volumes, and exchange rates increases the volatility of domestic variables such as per capita and aggregate values of income, consumption, and investment in a panel of 175 countries. This result suggests that there is good reason to expect intensifying global integration to increase domestic income risks.

Another source of risk is created by the potential to offshore a certain job. Using US data from 2004, Blinder (2009) shows for a detailed break-down of occupations that there are sizeable differences in the potential to offshore jobs and that highly offshorable jobs were *ceteris paribus* paying significantly lower wages in 2004 even though the potential offshoring has not yet taken place. In a related study, Senses (2010) investigates the relationship between offshorability of occupations and the elasticity of labor demand using US plant-level data between 1972 and 2001. She finds evidence for a positive relationship between offshorability and the elasticity of labor demand (and thus income risk), supporting the findings of Blinder (2009).

On a micro-level, several aspects of both strains of argumentation have been tested to date (e.g. Burgoon 2001; Cusack, Iversen, and Rehm 2006; Rehm 2009) To my knowledge, the first paper testing the entire chain of the compensation hypothesis empirically is Walter (2010). Using Swiss data from the 2007 wave of the World Values Survey, she is able to show that individuals who should either be negatively affected by international economic integration according to the predictions of both Heckscher-Ohlin and Ricardo-Viner models or work in highly offshorable jobs are more likely to express feelings of job insecurity. Second, the perceived insecurity translates into a higher demand for governmental activity in the economy which materializes in a higher propensity to vote for left-wing parties.

This evidence suggests that economic globalization does indeed have an influence on individuals' demand for social welfare policies by increasing the demand of those individuals exposed to deteriorated income prospects.

2.2 The role of media in shaping policy attitudes

Communication scientists distinguish two effects of mass media on individual's perception of reality.[6] The first one is labeled *first-level agenda-setting* (cf. McCombs and Shaw 1972) and relates to the frequency of reporting on a certain issue. The underlying theoretical argument is that more frequent reporting leads individuals to reflect more intensely on a certain issue and thereby induces them to form an opinion.[7] However, this theory does not assume the *content*

---

[6]Compare also Protess and McCombs (1991) for a broader perspective.

[7]Testing this theory requires to check whether reporting intensity has an effect on the *likelihood* to form any opinion. The BSAS data does indeed allow respondents to state that they have no opinion on whether unemployment benefits should be increased or decreased. However, none of the undecided reads a newspaper, making it impossible to test this theory with present data.

of reporting to have an independent effect on individuals' attitudes. This second aspect has been incorporated into theory at a later stage and is known under the term *second-level agenda-setting* (cf. Lopez-Escobar, Llamas, and McCombs 1998; Golan and Wanta 2001). This part of theory postulates that consumption of media transmits attribute salience to the reader, i.e. by shaping the way he thinks or feels about a certain issue.

Since the main argument of this paper deals with how media content shapes policy attitudes, the main hypothesis tested in the empirical section is closely related to *second-level agenda-setting*. The agenda-setting framework suggests that media can indeed influence whether and how people think about the impact of globalization on their economic prospects. This assertion is supported by a wide range of empirical articles showing that media has an impact on individual actions and beliefs, including views on other nations and historical events (Gentzkow and Shapiro 2004), political decisions (DellaVigna and Kaplan 2007; Gerber, Karlan, and Bergan 2009), or on decisions with very long-lasting effects such as fertility decisions (La Ferrara, Chong, and Duryea 2008).

However, *a priori* we cannot make a clear statement on whether media has an effect on demand for compensation *in addition* to the effects described by trade theories. Even if most individuals were not able to derive an accurate picture of trade effects from trade theory and trade statistics, media might just fill this gap, serving as a perfect information substitute for the former.

From a theoretical point of view, an independent effect seems to be possible for several reasons: First, media has an incentive to over-report on bad news ("bad news is good news"), intensified by the fact that losers are often more visible than winners;[8] second, media reporting might be plainly biased to meet readers priors;[9] third, consumers of mass media are far too heterogeneous to allow the media outlet to give accurate and precise information on the economic prospects for every single individual among them – mass media requires generalizations and simplifications.

There is some literature providing empirical evidence on biased reporting of newspapers. Puglisi (2008) uses data on how often The New York Times reported on issues either "owned" by Democrats or Republicans between 1946 and 1997 and finds evidence on a more favorable reporting on topics "owned" by Democrats if the presidential incumbent is a Democrat. Using data on 140 US newspapers endorsing either the Democratic or the Republican presidential candidate, Larcinese, Puglisi, and Snyder (2007) find that a similar pattern applies to articles on economic issues in the period 1996 to 2005.

In summary, there is good reason to expect that media reporting on economic globalization has an effect on individuals' demand for social welfare policies as suggested by the hypothesis. However, I still have to investigate whether newspapers serve as a perfect proxy for economic effects according to trade theories, or whether reporting is different, leading to an independent

---

[8]In some circumstances, media might overreport on those who gain, e.g. on corporate gains due to exports. However, this does not affect the validity of this argument since it only changes the sign of the bias.

[9]This argument has been derived in theoretical models by Mullainathan and Shleifer (2005); Gentzkow and Shapiro (2006). An early paper presenting empirical evidence on this matter is Lord, Ross, and Lepper (1979)

effect of newspaper content. In the former case, the effect vanishes or at least decreases considerably once I control for trade effects. If newspaper reporting contains different information, coefficients stay more or less stable.

3   Methods and Data

3.1   Quantitative Text Analysis

Assessing the impact of media reporting on individual decisions requires the measurement of newspapers' positions towards globalization. In order to do so, I apply a method of quantitative text analysis which is able to generate time-varying topic-specific measures of newspaper positions. Such methods have been employed in political science for some time to quantify political positions of texts.

The first and to date most prominent measure of quantitative text analysis has been produced by the Comparative Manifesto Project (CMP) (Budge, Klingemann, Volkens, Bara, and Tanenbaum 2001; Klingemann, Volkens, Bara, Budge, and McDonald 2006). Following the so called salience theory, they assume that parties do not compete by directly opposing each other on the same issue but rather by stressing different policy positions in their manifestoes. This theory allows to generate scores for parties' policy positions on a left-right dimension for fifty-six policy categories and a wide range of countries since 1945. However, this method relies on human hand-coding which is time-consuming and scores obtained rely on decisions made by the coder.[10]

In an attempt to overcome these two shortcomings, Laver, Benoit, and Garry (2003) propose a new method to infer policy positions from texts, called *Wordscores*.[11] They treat the frequency at which words occur in a text as unit of information. Using word frequencies from texts with known policy position –so-called reference texts– each word gets assigned a parameter value, the wordscore. The values of the wordscore are chosen to maximize the likelihood that the sum of all products of wordscores and word frequencies meets the known policy positions of the reference texts (textscores). The set of wordscores for every single word is then applied to the word frequencies of the texts to be analyzed –so-called virgin texts– to derive their policy positions.[12] In addition to being less time-consuming and more objective, there is a further advantage of this procedure: Since the position of a word on a left-right dimension is determined endogenously, one can check whether the position of words meets some priors on word meanings.[13] On the downside, this method does not allow to analyze and compare texts in different languages and it requires the reference texts to use a vocabulary similar to the one of the virgin texts. The first caveat is of no importance in the context of this paper. The

---

[10] There are quite stringent guidelines on which groups of words have to be coded in which way –so called dictionaries– involved in this process. However, some discretion of the human coder is necessarily present.

[11] See Lowe (2008) and Martin and Vanberg (2008) for further insight into the Wordscores procedure.

[12] To get an intuition, the reader may want to think of the first step as a maximum likelihood estimation with the textscore of the reference text on the left hand side, and the word frequencies on the right-hand side. The second step then corresponds to a prediction of the textscore with new data.

[13] Corresponding words derived in this paper are presented in Table 11 in the appendix.

second point is more difficult to counter since quality newspapers and low-market ones report differently on the same topics. However, looking at the endogenously derived word groups which push texts extremely in the pro- or anti-globalization direction,[14] it is not obvious why they should be used differently by different outlets.

I apply the Wordscores method to all articles on economic globalization that have been published in major British newspapers in the years 2001 to 2005.[15] In order to increase the reliability of the obtained textscores, I carefully choose the articles included in the dataset and diligently remove all spelling mistakes and annotations added by the provider of the articles from the texts.[16] As reference texts I choose all election manifestoes of the three major British parties in the years 1992-2005.[17] Due to the work done by the Comparative Manifesto Project (Klingemann, Volkens, Bara, Budge, and McDonald 2006), we have reliable information on the location of these manifestos on a uni-dimensional scale measuring the parties' stance towards free trade.[18] The stance towards free trade is the one among all categories in the CMP dataset which comes closest to the standard notion of globalization. Furthermore, non-economic dimensions of globalization play little role in the context of this paper, so that a focus on the economic dimension seems justifiable.

In the course of constructing the matrixes containing the frequencies of words in the texts – these are called word-count matrices– Wordscores allows to choose either single words or groups of words as unit of analysis. Since compound words are relatively rare in the English language, I perform the analysis treating groups of either two (bigrams) or three words (trigrams) as unit. Resulting textscores for bigrams and trigrams are presented in Table 1.

Table 1: Textscores from Wordscores Procedure

Newspaper	*MondoTimes*	Textscores					*Mean*	*St.Dev.*
		2001	2002	2003	2004	2005		
Express	Conservative	-0.16	-0.16	-0.26	0.10	0.62	0.03	0.36
Mail	Conservative	-0.29	0.06	0.03	0.34	0.05	0.04	0.22
Mirror	Leans left	-0.25	0.29	0.44	0.20	-0.39	0.06	0.36
Star	Leans right	0.43	-0.61	0.06	-0.02	0.05	-0.02	0.37
Sun	Leans right	-0.26	0.09	-0.14	0.47	0.28	0.09	0.30
Telegraph	Leans right	-0.30	-0.07	-0.15	0.19	0.21	-0.02	0.22
Guardian	Leans left	-0.41	-0.29	-0.06	0.02	0.04	-0.14	0.20
Independent	Leans left	0.07	0.14	-0.43	0.12	-0.54	-0.13	0.33
Times	Leans right	-0.26	0.03	0.35	-0.13	-0.30	-0.06	0.26
Record	Leans left	-0.39	0.30	0.44	0.03	-0.31	0.01	0.36
Mean		-0,18	-0,02	0,03	0,13	-0,03		
St.Dev.		0,16	0,33	0,49	0,05	0,66		

Transformed textscores derived jointly from bigrams and trigrams using Wordscores-method from Laver, Benoit, and Garry (2003). *MondoTimes* is a time-invariant measure of the overall political slant of a newspaper.

---

[14]Compare Table 11 in the appendix.

[15]All newspapers are listed in Table 1.

[16]More details on the precise procedure are given in Appendix B.1.

[17]These are provided by Pennings and Keman (no date)

[18]These scores are displayed in Table 2

The values of the textscores do not have an interpretation on their own but rather need to be compared to the positions of the reference texts in Table 2. To give an example, the Express is almost as globalization sceptic in 2001 (textscore: -0.16) as the Liberal Democrats in their election manifesto (-0.17), whereas the Record (-0.39) is quite in the middle between the positions of the Liberal Democrats (-0.17) and the Conservative Party (-0.55) in 2001.

Table 2: Position of Election Manifestoes on Free Trade

	1992	1997	2001	2005
Conservative Party	0.30	-0.55	-0.55	0.00
Labour Party	-0.20	-0.72	-0.60	0.00
Liberal Democrats	0.00	0.12	-0.17	-0.10

Between 2001 and 2004, newspapers move on average by almost two standard deviations to more globalization-endorsing positions. In 2005, this trend reverses for some newspapers, most notably the Independent, the Mirror, and the Record, whereas others continue to write more enthusiastically about globalization, e.g. the Express or the Telegraph. Looking a newspapers over time, it catches the eye that up-market newspapers report in a comparatively stable and globalization-sceptic way, whereas low-market papers have a more affirmative view on globalization, although reporting is far less stable over time. Although these differences are not statistically significant, the results on stability of reporting are in line with prior expectations.

There are two aspects to note: First, the position towards globalization is not related to the general political orientation of a newspaper. Second, reporting of newspapers is not stable over time. These findings support my initial assertion, that using time-invariant measures of general political slant or newspaper dummies cannot capture the newspaper content an individual is exposed to. This problem is aggravated the longer the time horizon of the study.

3.2 Data

The main dataset I use in this paper is the British Social Attitudes Survey (BSAS). The BSAS has been conducted by the National Centre for Social Research on an annual basis since 1983. Each year a new, representative sample of approximately 3500 adult respondents has been asked a wide range of questions concerning social attitudes, beliefs, and values. Furthermore some basic socio-economic information on each participant has been collected. On the downside, however, the cross-sectional nature of the BSAS data prevents the possibility to trace individuals over time and thereby to account for unobserved individual heterogeneity or different degrees of readership persistence.

What makes the BSAS dataset particularly valuable is the comparatively rich set of variables on media consumption habits. The variable I use in this paper gives information on which newspaper is read by the respondent. Since this question has been asked in all waves of the survey, I can look at a lot of time periods and thereby exploit the changing position of a newspaper over time.

Furthermore, the dataset contains a wide range of questions related to the desired scope of various governmental social welfare programs. This allows to choose a dependent variable

which specifically deals with opinions on the size of unemployment programs. In this study, the answer to the following question is used as dependent variable:

> *Opinions differ about the level of benefits for unemployed people. Which of these two statements comes closest to your own view? Benefits for unemployed people are too low and cause hardship or, benefits for unemployed people are too high and discourage them from finding jobs?*

Agreement with the first statement is coded as one, the second one as zero.

4 Empirical Results

It follows from the previous discussion that estimation equations have in general the following form:[19]

$$insurance_{ijkt} = \alpha + \beta \cdot newspaperposition_{jt} + \boldsymbol{trade}_{it}'\boldsymbol{\gamma} + \boldsymbol{x}_{it}'\boldsymbol{\delta} + \boldsymbol{m}_{kt}'\boldsymbol{\eta} + \nu_j + \mu_t + \epsilon_{ijkt}$$

where *insurance* is the demand for unemployment insurance, *newspaperposition* measures the policy slant of a newspaper, $\boldsymbol{trade}$ is a vector of various measures for the impact of economic globalization, and $\boldsymbol{x}$ represents a vector of individual level control variables. $\boldsymbol{m}$ is a vector of macroeconomic conditions, and μ_t and ν_j are time- and newspaper fixed effects, respectively. Finally, ϵ is the error term. Subindex i denotes an individual, subindex j a newspaper, subindex k a region, and subindex t a year. Naturally, out of all parameters β, γ, δ, and η the focus of interest is on the parameter value of β, i.e. the impact of newspaper reporting. Since the main explanatory variable $newspaperposition_{jt}$ varies only at the newspaper level, I cluster at the newspaper level.

4.1 Baseline Results

To show that newspaper reporting does indeed affect the demand for unemployment insurance, I first present the results of some basic regressions in Table 3. The primary aim of these regressions is to reveal the general pattern of how reporting influences policy demand.

The first column displays results from a linear probability regression of the binary dependent variable on the main variable of interest, the measure for newspaper's policy position. As predicted in the theory section, the two variables are negatively and significantly correlated. A one standard-deviation increase in *newspaperposition* (i.e. a more pro-globalization stance) is associated with a drop in the propensity to favor more unemployment insurance by almost 14 percent. However, since the range of observed values of *newspaperposition* is not the same for all newspapers[20] one can object that this result is driven by *newspaperposition* being related to the newspaper read. Thus, I add a set of newspaper fixed effects to the regression. Coefficients

---

[19]Row vectors in bold letters.
[20]Compare Table 1.

Table 3: Baseline Regressions

	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)	(3.6)	(3.7)
	Dep. Var.: Extend unemployment benefits?						
newspaperposition	-0.258**	-0.213**	-0.219**	-0.157***	-0.163*	-0.081**	-0.090***
	(0.091)	(0.079)	(0.088)	(0.028)	(0.082)	(0.032)	(0.031)
Newspaper FE		✓				✓	✓
Macro Controls			✓		✓	✓	✓
Year FE				✓	✓	✓	✓
$R^2_{adj.}$	0.020	0.068	0.042	0.031	0.047	0.090	0.073
Obs.	7458	7458	7458	7458	7458	7458	7458

Dependent variable is binary with higher values indicating demand for higher unemployment benefits. Linear probability models in all regressions, except for regression (3.7). Marginal effects of probit estimation reported in regression (3.7). Clustered standard errors in parentheses u. Clustering at newspaper level. Statistical significance at the 10, 5, 1 percent levels denoted by *, **, *** , resp.

hardly change at all, although the fit increases considerably. Another candidate for an omitted variable bias are regional economic conditions[21] and year fixed effects. They have to be included in the regression if differences in labor market conditions over space or time affect both the demand for unemployment insurance and the way newspapers report on globalization. In this case, coefficients overestimate the true effect if macroeconomic controls are omitted. Results in regressions three to six do indeed suggest that such effects are at work. The impact of national variation across years is more pronounced than the one across regions within one year. Moreover, the size of the coefficient for *newspaperposition* drops more when including year fixed effects than with regional fixed effects. This is not surprising given the profound spatial integration of the British economy, and the at least national dimension of business cycles. Furthermore, year dummies also capture the effects of special media attention to globalization in certain years. As shown in Figure 2 in the appendix, such media attention is apparently far from being perfectly correlated with the economic importance of globalization.

So far, I have used the linear probability estimation method. Though in principle appropriate, this method is clearly inferior to non-linear ones such as probit in the presence of a binary dependent variable.[22]. Thus, I re-estimate the last regression using the probit estimator. Again, as shown in regression (3.7), results are not affected too much.

In summary, this first set of regressions lends support to the main hypothesis of this paper, i.e. that being exposed to more positive media coverage of globalization reduces demand for compensation. However, two major aspects raised in the theory section have not been dealt with so far. First, the choice of the newspaper might just reflect some underlying socio-demographic characteristics such as age, income, or political orientation which are known to affect welfare state attitudes as well. Second, the effect for *newspaperposition* can be expected to vanish if information via media is nothing but a perfect substitute for income effects predicted by trade theory. These two aspects will be explored in more depth in the next set of regressions.

---

[21]These include: regional GDP per capita, the growth rate of regional real GDP, some indicators for the importance of high-skilled jobs in the regional economy, the regional unemployment rate, and some indicators for the socio-demographic composition, including long-term political preferences. For more details, see Table 10 in the appendix.

[22]See Angrist and Pischke (2009, p.102) for a comparison of both methods

4.2 Individual and Trade Controls

Factors such as age, gender, income, or political orientation have been identified in the literature to be among the main determinants of demand for social spending programs (c.f. Alesina and Giuliano (2009)). On the other hand, these variables also influence which newspaper an individual reads and thus which value *newspaperposition* takes at the individual level. Thus, including a wide set of socio-demographic controls is vital for corroborating my previous results. In column 2, I add dummies for age categories, educational degrees, income categories, gender, ethnic origin, labor force status, and political orientation to the right-hand side variables in the previous regression.

Table 4: Regressions with Individual and Trade Controls

	Dep. Var.: Extend unemployment benefits?						
	(4.1)	(4.2)	(4.3)	(4.4)	(4.5)	(4.6)	(4.7)
newspaperposition	-0.100***	-0.095**	-0.096**	-0.096**	-0.093**	-0.096**	-0.096**
	(0.038)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)
Trade controls							
Heckscher-Ohlin			-2.741				-2.920
			(2.305)				(2.242)
Ricardo-Viner adv.				0.379***			0.353***
				(0.081)			(0.085)
Ricardo-Viner disadv.				0.426***			0.400***
				(0.090)			(0.095)
middle offshorability					-0.024*		-0.027*
					(0.014)		(0.014)
high offshorability					-0.022		-0.024
					(0.019)		(0.020)
low skilled x firm size						-0.074**	-0.065*
						(0.036)	(0.034)
medium skill x firm size						-0.078**	-0.069**
						(0.031)	(0.029)
high skill x firm size						-0.112***	-0.104***
						(0.041)	(0.038)
firm size						0.078**	0.068**
						(0.033)	(0.032)
Individual controls							
female		-0.036	-0.036	-0.035	-0.038	-0.036	-0.036
		(0.025)	(0.026)	(0.025)	(0.025)	(0.026)	(0.025)
non-european		-0.097	-0.096	-0.096	-0.097	-0.094	-0.093
		(0.069)	(0.069)	(0.069)	(0.070)	(0.069)	(0.069)
unemployed		0.264***	0.265***	0.268***	0.263***	0.269***	0.272***
		(0.066)	(0.066)	(0.063)	(0.066)	(0.060)	(0.058)
out of laborforce		0.126***	0.126***	0.125***	0.126***	0.126***	0.126***
		(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.038)
labour		0.086**	0.086**	0.085**	0.087**	0.087**	0.086**
		(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.040)
libdem		-0.008	-0.007	-0.011	-0.008	-0.006	-0.007
		(0.031)	(0.031)	(0.031)	(0.031)	(0.031)	(0.030)
conservative		-0.137***	-0.137***	-0.138***	-0.135***	-0.136***	-0.135***
		(0.031)	(0.031)	(0.031)	(0.031)	(0.030)	(0.031)
Age categories		✓	✓	✓	✓	✓	✓
Education cat.		✓	✓	✓	✓	✓	✓
Income cat.		✓	✓	✓	✓	✓	✓
Newspaper FE	✓	✓	✓	✓	✓	✓	✓
Macro Controls	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓
Clustered SE	✓	✓	✓	✓	✓	✓	✓
R^2_{pseudo}	0.074	0.133	0.133	0.134	0.134	0.135	0.137
Obs.	5834	5834	5834	5834	5834	5834	5834

Dependent variable is binary with higher values indicating demand for higher unemployment benefits. Marginal effects of probit estimation reported in all columns. Clustering at newspaper level. Statistical significance at the 10, 5, 1 percent levels denoted by *, **, ***, resp.

As a result, the coefficient for media content slightly decreases in size. This is what one expects when individual characteristics do indeed affect both newspaper choice and policy stance. Still, the magnitude of the coefficient in previous regressions is apparently not driven by the omission of these control variables. Compared to the results of the previous literature, all control variables show the expected sign and are of reasonable size.

The second major concern deals with the exclusion of trade variables. From a theoretical point of view, it is unclear whether reporting of newspapers on globalization is just a perfect substitute for knowing the income effects of globalization according to trade theory or whether newspapers transmit an independent picture. In the former case, we can expect the coefficient for *newspaperposition* to decrease considerably when controlling for trade effects. The more stable this coefficient, the more differs the picture drawn by media from the actual impact of trade on individual respondents.

Thus, I add a variable capturing the Heckscher-Ohlin effects of trade in column (4.3). The variable has been constructed by interacting real trade flows with non-OECD countries with a dummy for above-average educational attainment.[23] From theory, we expect this variable to have a negative sign, since qualified labor is the abundant factor in industrialized countries and thus benefits from intensifying trade relations. The coefficient shows the expected sign in the regressions, although it is not significant at conventional levels. More importantly, the coefficient for the newspaper-content variable is virtually unaffected in size and remains highly significant.

The latter result prevails in regression (4.4) where I test the implications of the Ricardo-Viner model by adding dummies for individuals employed in industries with a revealed comparative advantage or disadvantage.[24] Coefficients show a lower demand for compensatory policies if individuals work in sectors favored by trade, although the difference is not statistically significant.[25] Again, both the coefficient for the textscore as well as the socio-demographic controls have hardly changed.

Offshorability indicators are included in column (4.5). Respondents working in occupations coded as "offshore3" are those with the highest offshoring-risks in the sample[26], and vice versa. Individuals demand higher protection against labor market risk when facing a greater risk of having their job being offshored, i.e. all coefficients should be positive and largest for offshore3. The predicted ordering is indeed present in the estimates, although the signs are not correct. There are two explanations for this last finding. The first one is the way in which the omitted category has been constructed. Blinder (2009) lists only those occupations coded as "offshore2"-"offshore4", assuming that all other occupations are not offshorable. This might be difficult

---

[23]See section A.2.1 in the appendix for a more detailed description of this variable and the other trade indicators.

[24]Compare AppendixA.2.1 for a description of the indicator variables.

[25]Both coefficients show a positive sign, what is due to the fact that the omitted category is made up of all respondents not employed in an exporting industry, including service and public sector employees.

[26]The highest category in Blinder's dataset, "offshore4", consists of very few and specialized occupations which are not present in my dataset.

to transfer to other countries than the US and other years than 2004, leading to a possibly imprecise composition of the control group. The second aspect is that these indicators are time-invariant.[27] As Blinder (2009) himself suggests, these variables could be interacted with indicators measuring the overall propensity to offshore, e.g. use of internet connections or trade costs. However, given the short time dimension in my data, this concern should be of minor importance for this study.[28] Turning to results for other variables, the coefficients on the main variables of interest continue to show the same pattern as before.

The more recent trade literature emphasizes the role of firms in international economic exchanges.[29] The results of this literature suggest that intensifying international trade deteriorates employment prospects and wages in particular for workers of intermediate skill levels, whereas individuals with high ability can expect to improve along these two dimensions. To capture this effect, I thus include dummies for high, middle, and low education into the regression and interact them with a measure for the size of the workplace, i.e. the number of employees at the workplace of the respondent. The interaction terms are the coefficients of interest. We can expect positive effects for medium-skilled respondents (i.e. higher demand for compensation) and a negative one for the high-skilled. However, the effects for medium-skilled respondents show a negative sign and are significant. This result casts doubts on whether the current empirical adaptions of the models might be too stylized to sufficiently explain real world labor market observations. However, they are to date the best available rationalizations of these effects. More important in the context of this paper is the fact that coefficients on the variable measuring newspaper impact as well as other controls remain quite stable in terms of size and significance.

The same holds true in the last regression where I test simultaneously for all four trade effects. Both in terms of signs and magnitude as well as significance no remarkable changes occur with respect to previous regressions.

Overall, these results lend empirical support to the assertion that effects of newspaper reporting exist *in addition* to real trade effects. However, I cannot assess whether newspapers report in a deliberately biased way or whether they are not able to transmit accurate information on how globalization is going to affect reader's economic position because of the heterogeneity among readers.

4.3 Self-selection into reading a specific newspaper

A natural reason to be cautious about previous results is related to the fact that readers generally decide on which newspaper they read. If readers choose their newspaper according to how it reports on globalization, then we face a problem of reverse causality since policy

---

[27]See Section A.2.1 for a description of the variable.

[28]As a side remark, Geishecker (2008) shows that employment risk of German workers due to offshorability varies considerably by job duration. In this analysis, I cannot account for this effect.

[29]Compare e.g. Yeaple (2005); Helpman (2010)

attitudes influence the newspaper content an individual is exposed to.[30] In this case, media content just reenforces prior beliefs instead of shaping opinions.[31] The unadjusted coefficients on media positions overestimate the true effect.

In the past, literature has mostly neglected this effect.[32] Nonetheless, this issue ought to be dealt with appropriately. The standard way to tackle problems of reverse causality is to instrument for the potentially endogenous explanatory variable.

In this paper, I choose regional readership shares as instruments for individual newspaper readership decisions. These measures can be expected to have an impact on individuals' choices, i.e. they are valid instruments, since they relate to differences in regional availability and tastes. However, one might fear that this effect is not strong enough, leading to a weak instrument problem. First-stage results presented below show that this concern is not of major relevance. Arguing that the instruments do not affect *individual* demand for unemployment policies directly, i.e. that they satisfy the exclusion restriction, is a bit more subtle. An apparent concern is related to Tiebout sorting. If individuals deliberately move to regions where there live people with the same opinion on unemployment insurance as their own, and if these people tend to read the same newspaper as the mover does, then the IV might be problematic. Although this concern seems to be relevant at the level of neighborhoods or small towns, regions inhabited by millions of people are less likely to be homogenous enough to impair the validity of the instruments chosen.

However, one can object that curing the problem of reverse causality has been paid with an omitted variable bias: There may exist other factors which both affect regional readership characteristics and individual policy preferences at the same time. Think e.g. of a region with an industry declining due to international competition. On the one hand, people may want to read a newspaper with a more compassionate stance towards the workers in this industry and on the other hand this decline may bolster demand for compensatory policies. In principle, however, one can control for such effects by including a rich set of regional control variables which capture the economic situation and persistent political preferences in this area. This is the road I take in this paper. Note that the factors which potentially affect both variables are those macroeconomic indicators already included in the regressions before.

The most detailed information on the regional location of respondents which the BSAS consistently provides is on the level of Government Office Regions as of 2003. For each of these 11 regions I use the data on the regional economic and socio-demographic structure. Furthermore, I derive yearly regional readership shares for all newspapers in the sample from the BSAS data, exploiting the regional representativeness of the BSAS data set. This set of readership shares serves as IV in the first stage.

Formally, the estimation procedure looks as follows: In the first stage, the newspaper read is predicted via a set of regressions with a vector for the newspaper read on the left hand

---

[30]It is possible that respondents can exert some influence on how newspapers report. Though a different problem in economic theory, the resulting econometric problems are the same.

[31]Compare the theoretical models of Mullainathan and Shleifer (2005) and Gentzkow and Shapiro (2006).

[32]E.g. Gentzkow and Shapiro (2004, p.126) write: "Such confounding effects may exist, and the results should be therefore interpreted with caution."

side. This column vector contains zeros for all newspapers not read by individual i in time t and exactly one "one"-entry for the newspaper read. NEWSPAPERSHARES$_{kt}$ represents the JxJ matrix of instruments:[33]

$$newspaper_{ijkt} = \alpha + \text{NEWSPAPERSHARES}_{kt}\beta + \text{TRADE}_{it}\gamma + \text{X}_{it}\delta + \text{M}_{kt}\eta + \nu_j + \mu_t + \epsilon_{ijkt}$$

On the right-hand side of the equation, all rows within each vector or matrix contain the same values.

In the second stage, predicted values from the first stage are multiplied with a vector of textscores:

$$insurance_{ijkt} = \alpha + \beta \cdot newspaperposition'_t \cdot \widehat{newspaper}_{ijkt} + trade'_{it}\gamma + x'_{it}\delta + m'_{kt}\eta + \nu_j + \mu_t + \epsilon_{ijkt}$$

Results of first-stage regressions are shown in Tables 12 and 13 in the appendix. It turns out for all newspapers that the regional readership ratio of a newspaper significantly increases the likelihood for a respondent to read the same newspaper.[34] The value of the F-statistic from the test on the joint significance of all instruments is never below 60 and in most cases far above. Furthermore, this effect is of sizeable magnitude, reducing the risk of a too weak relation even further. Moreover, other controls are in general of expected sign and reasonable magnitude.

The second stage follows the same structure as the regressions presented in in Table 4, with the only difference being that I replace textscores from actually read newspapers by those from the predicted ones. Several results displayed in Table 5 catch the eye: First, coefficients on control variables are hardly affected by this change. Second, the coefficients on newspaper content decrease in size, gain slightly in significance, and show by and large the same pattern across regressions as before. This is what one can expect if selection into-newspapers is indeed an issue and reporting on globalization is positively correlated with the general political stance of a newspaper. Although coefficients decrease, they are still of a reasonable magnitude.

In summary, the results of this set of regressions suggest that reverse causality is apparently an issue when estimating the effects of media content on individual policy attitudes. Accounting for self-selection into newspapers reduces estimated effects, although they remain economically significant. However, the latter fact might be due to the relatively low importance of globalization for the general policy slant of a newspaper. It is *a priori* unclear whether accounting for the endogeneity of newspaper choice would decrease effects of reporting on highly-debated policy topics considerably more.

4.4 Self-selection into reading any newspaper

In the previous section, I have shown that the size of coefficients is affected, but not driven by readers' self-selection into reading a specific newspaper. However, this analysis was conditional

---

[33]Matrices are denoted in capital letters. Coefficients are not restricted to take the same value in both stages.
[34]Depending on the newspaper, the first stage correctly predicts the actual readership in 50 to 80 per cent of all cases.

Table 5: Second-stage IV estimates

	(5.1)	(5.2)	(5.3)	(5.4)	(5.5)	(5.6)	(5.7)
				Dep. Var.: Extend unemployment benefits?			
newspaperposition	-0.083**	-0.079**	-0.087**	-0.079**	-0.079**	-0.091***	-0.089**
	(0.037)	(0.033)	(0.036)	(0.033)	(0.033)	(0.034)	(0.039)
Trade controls							
Heckscher-Ohlin			-2.987				-3.208
			(2.572)				(2.522)
Ricardo-Viner adv.				0.377***			0.346***
				(0.084)			(0.089)
Ricardo-Viner disadv.				0.423***			0.391***
				(0.092)			(0.099)
middle offshorability					-0.026*		-0.029**
					(0.014)		(0.015)
high offshorability					-0.024		-0.025
					(0.019)		(0.020)
low skilled x firm size						-0.088**	-0.080**
						(0.037)	(0.036)
medium skill x firm size						-0.092***	-0.085***
						(0.032)	(0.031)
high skill x firm size						-0.125***	-0.119***
						(0.042)	(0.040)
firm size						0.092***	0.083**
						(0.034)	(0.033)
Individual controls							
female		-0.036	-0.036	-0.035	-0.038	-0.036	-0.037
		(0.025)	(0.025)	(0.025)	(0.024)	(0.026)	(0.025)
non-european		-0.098	-0.097	-0.097	-0.099	-0.096	-0.094
		(0.070)	(0.070)	(0.070)	(0.070)	(0.069)	(0.070)
unemployed		0.262***	0.263***	0.266***	0.261***	0.267***	0.270***
		(0.065)	(0.066)	(0.063)	(0.065)	(0.059)	(0.058)
out of laborforce		0.127***	0.128***	0.127***	0.128***	0.128***	0.128***
		(0.039)	(0.039)	(0.039)	(0.039)	(0.039)	(0.038)
labour		0.084**	0.083**	0.082**	0.084**	0.084**	0.083**
		(0.038)	(0.038)	(0.038)	(0.038)	(0.038)	(0.039)
libdem		-0.009	-0.008	-0.012	-0.009	-0.007	-0.008
		(0.031)	(0.031)	(0.030)	(0.030)	(0.031)	(0.030)
conservative		-0.138***	-0.138***	-0.139***	-0.136***	-0.138***	-0.137***
		(0.030)	(0.030)	(0.030)	(0.030)	(0.030)	(0.031)
Age categories		✓	✓	✓	✓	✓	✓
Education cat.		✓	✓	✓	✓	✓	✓
Income cat.		✓	✓	✓	✓	✓	✓
Newspaper FE	✓	✓	✓	✓	✓	✓	✓
Macro Controls	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓
Clustered SE	✓	✓	✓	✓	✓	✓	✓
R^2_{pseudo}	0.073	0.133	0.133	0.134	0.133	0.135	0.137
Obs.	5834	5834	5834	5834	5834	5834	5834

Dependent variable is binary with higher values indicating demand for higher unemployment benefits. Marginal effects of probit estimation reported in all columns. Second-stage effects reported. Clustering at newspaper level. Statistical significance at the 10, 5, 1 percent levels denoted by *, **, *** , resp.

on the fact that respondents read a newspaper. During the period the data used in this paper has been collected, i.e. between 2001 and 2005, the number of readers has decreased considerably.[35] This process might give rise to an additional bias, namely self-selection into readership in general. If the decision to read or not to read any newspaper is primarily determined by the way newspapers report on globalization, the effect we observe in the data were again a result of individuals who do not want to get influenced by newspapers selecting out of the sample. In this case, the magnitude of estimated effects is systematically larger than the effect in the overall population.

To assess the empirical relevance of this concern, I check whether my measure of newspaper reporting on globalization has an effect on the decision to read any newspaper. To that end, I estimate an equation similar to the first-stage from the IV-estimation in the previous section, replacing the set of dummies for reading a specific newspaper by a dummy for reading any newspaper. Since there are necessarily also non-readers in this sample, I can no longer assign policy positions of a specific newspaper to the individual observation. Thus, I generate yearly averages of newspaper policy positions, both unweighted and weighted by readership shares in the sample. As both measures vary only at the yearly level,[36] I cluster the standard errors at the year-level. In neither of the two regressions, the newspaper content measure turns out to be significant.[37] However, regressions have been performed with six clusters only, what is not sufficient to rely on asymptotic properties of the estimator. Therefore, I re-run regressions with heteroskedasticity robust errors. In this case, asymptotics are met although I grossly underestimate the true size of standard errors. Even in this extreme case, the relevant coefficients are not significant at any conventional level. Taken together, these results deliver no support for an effect of newspaper content on the decision whether to read a newspaper or not. Reporting on globalization is apparently no source of self-selection into newspaper readership. This result lends additional credibility to the results obtained above.

4.5 Robustness Checks

Time Structure of Effects   A first concern deserving further exploration deals with the time structure of effects. In all previous regressions it has been implicitly assumed that newspaper contents instantaneously affect individual's policy attitudes. However, this may not be true since in reality it takes some time to process information and to update prior beliefs. Thus, I check whether the newspaper content of the previous period has an effect on the demand for unemployment insurance. Results are shown in Table 14 in the appendix. The first regression re-estimates the the last one from Table 5, since the lag structure does not allow to include observations from year 2001. Results make very clear that lagged values of the newspaper variables do not have any effect on reader's policy attitude. Thus, the choice to focus on contemporaneous effects is justified.

---

[35]Compare Figure 1

[36]Thus I can no longer use year dummies. Since both the population readership share and the average policy stance exhibit time trends, I add a linear trend to control for this effect.

[37]Results available on request.

Effects of other media: Internet usage In principle, the theoretical arguments made above apply to all kinds of media and mass information systems. The focus on newspaper content in this paper is driven by purely pragmatic reasons in the sense that quantitative text analysis methods present an efficient and reliable way of distilling policy positions from texts. Such methods are to my knowledge not available for radio and TV and only feasible at prohibitively high costs for internet blogs and alike. Combined with the massive decline in newspaper readership during the last twenty years this imposes a potential challenge to my estimation strategy since readers may obtain different information through these channels. If the media not included reports in the same way as the newspaper read, e.g. because of common ownership or because some media outlets simply "follow" others, then the estimates are biased upwards and vice versa. Unfortunately, I cannot control for the content of other media, but only for whether other media is consumed.

Thus, as a final robustness check I control for whether the usage of alternative media sources affects the strength of the newspaper-content effect. The BSAS dataset allows to control for whether the household has access to an internet connection in a given year.[38] The last regression presented in Table 14 includes both a dummy for internet access and an interaction with newspaper content. Both the coefficients for the direct as well as the indirect effect of internet usage turn out to be insignificant. Thus, results do not support that internet usage has an impact on how strongly newspaper reporting affects policy attitudes.

Small number of clusters: Wild bootstrap In the previous regressions I have used clustered standard errors to account for the fact that the main explanatory variable takes the same value for every individual reading the same newspaper. However, clustering is not optimal either since asymptotic properties of the estimator rely on the number of clusters which is only ten in this case.[39] Cameron, Gelbach, and Miller (2008) argue that the standard adjustment procedure for clustered standard errors does not correctly state the true size of standard errors when there are only few clusters. Instead, one should use the wild bootstrap procedure they describe in their paper. Standard errors for "newspaperposition" derived by this method from linear probability regressions are slightly smaller then before, as are the coefficients. Significance is by and large not affected.[40]

4.6   Alternative Measure of Media Consumption

Research on media effects has tested the effect of media consumption on reader's demand for policies by focussing on the coefficients of dummies for media consumption in general or for specific media outlets. From a theoretical point of view, there are two major reasons why the results from this approach might differ from mine: First, available measures of newspaper slant are in most cases not tailored to the specific policy dimension under investigation, in my case to globalization. Second, even when being solely interested in the general policy stance of a

---

[38]Questions regarding TV consumption have been replaced by those on the internet in 1999.

[39]Compare e.g. Angrist and Pischke (2009, p.319) and Cameron and Trivedi (2009, p.829).

[40]Precise results available on request.

newspaper, available measures such as the Mondo Times Scores are in most cases not time-varying.[41] As I have shown in Table 1, positions of newspapers vary over time and cannot be perfectly mapped into the general policy slant.

In order to contrast the traditional method to the one I employ in this paper, I re-estimate regressions (4.1), (4.2), (4.7), and (5.7), replacing the measure of globalization-specific newspaper positions by a set of newspaper dummies. Clearly, the assumed mechanism behind is more simple now: The more right-leaning (i.e. supporting the Conservative Party) a newspaper is, the more it induces readers to support a more limited unemployment insurance. Results for this exercise are shown in Table 6.

Several results deserve being highlighted: First, the newspaper dummies are in general highly significant and of considerable size in the first regression. The inclusion of individual socio-demographic characteristics has a sizable impact on magnitude and also significance of coefficients. This highlights the fact that selection into newspaper readership is apparently related to these characteristics. However, as the results in the third column show, trade effects are virtually orthogonal to the newspaper read. In the fourth regression, I replace dummies for the newspaper read by the predicted readership from the first stage. Except for one case, all effects vanish completely. Apparently, the whole correlation between the newspaper dummies and readers' demand for unemployment insurance is driven by self-selection of readers into newspapers. This result is not too surprising, since opinions towards unemployment insurance are a very important policy topic and can be expected to play a considerable role for the political orientation of readers and for their self-selection into the readership of a newspaper.

The result also comprises a caveat with respect to further research. It is well possible that the measures from quantitative text analysis worked so well precisely because I analyzed the impact in a policy area which is relatively unimportant for both the overall slant of a newspaper and readers' political orientation. Whether results would be as compelling when performing the same procedure with articles on unemployment insurance, health insurance, or pension reforms cannot be certified at the moment.

5 Conclusions

In this paper I investigate how the reporting of newspapers on economic globalization affects individuals' demand for unemployment insurance. To that end, I use data from the British Social Attitudes Survey, one of the very few large-scale data sets which allow to link individuals to the newspaper they read. Data used ranges from 2001 to 2005. The position of newspapers is derived using a novel method of quantitative text analysis. This method allows to draw reliable and replicable information on the policy positions of texts based on the frequency of word occurrences in these texts.

In the empirical investigations, I obtain the following results: First, the more pro-globalization

---

[41]Compare www.mondonewspapers.com

Table 6: Extension: Newspaper Dummies

	Dep. Var.: Extend unemployment benefits?			
	(6.1)	(6.2)	(6.3)	(6.4)
Mail	-0.010***	-0.020***	-0.020***	-0.019
	(0.002)	(0.004)	(0.004)	(0.151)
Mirror	0.136***	0.035***	0.032***	-0.077
	(0.002)	(0.010)	(0.009)	(0.146)
Star	0.113***	-0.001	-0.005	
	(0.006)	(0.018)	(0.017)	
Sun	0.115***	0.035***	0.030**	-0.063
	(0.003)	(0.013)	(0.012)	(0.154)
Telegraph	0.067***	0.101***	0.101***	-0.094
	(0.004)	(0.012)	(0.012)	(0.161)
Guardian	0.454***	0.362***	0.367***	0.024
	(0.004)	(0.023)	(0.023)	(0.125)
Times	0.180***	0.134***	0.142***	0.198*
	(0.005)	(0.020)	(0.021)	(0.118)
Record	0.120***	0.005	-0.001	-0.142
	(0.027)	(0.034)	(0.033)	(0.134)
Trade controls				
Heckscher-Ohlin			-2.821	-4.833*
			(2.416)	(2.913)
Ricardo-Viner adv.			0.353***	0.293***
			(0.088)	(0.101)
Ricardo-Viner disadv.			0.399***	0.333***
			(0.099)	(0.110)
middle offshorability			-0.029**	-0.031*
			(0.014)	(0.017)
high offshorability			-0.026	-0.027
			(0.020)	(0.018)
low skilled x firm size			-0.064*	-0.047
			(0.034)	(0.032)
medium skill x firm size			-0.068**	-0.053*
			(0.029)	(0.031)
high skill x firm size			-0.103***	-0.091***
			(0.038)	(0.031)
firm size			0.068**	0.051
			(0.031)	(0.031)
Individual controls				
female		-0.036	-0.037	-0.049*
		(0.025)	(0.025)	(0.028)
non-european		-0.098	-0.094	-0.099
		(0.070)	(0.069)	(0.063)
unemployed		0.263***	0.271***	0.286***
		(0.065)	(0.058)	(0.058)
out of laborforce		0.128***	0.128***	0.130***
		(0.039)	(0.038)	(0.035)
labour		0.085**	0.085**	0.105***
		(0.039)	(0.039)	(0.038)
libdem		-0.009	-0.008	0.002
		(0.031)	(0.030)	(0.033)
conservative		-0.137***	-0.135***	-0.157***
		(0.030)	(0.031)	(0.029)
Age categories		✓	✓	✓
Education cat.		✓	✓	✓
Income cat.		✓	✓	✓
Macro Controls	✓	✓	✓	✓
Year FE	✓	✓	✓	✓
Clustered SE	✓	✓	✓	✓
IV				✓
R^2_{pseudo}	0.073	0.132	0.136	0.119
Obs.	5834	5834	5834	5834

Dependent variable is binary with higher values indicating demand for higher unemployment benefits. Marginal effects of probit estimation reported in all columns. Clustering at newspaper level. *Express* is omitted newspaper. Statistical significance at the 10, 5, 1 percent levels denoted by *, **, ***, resp.

the reporting of a newspaper is, the lower is the demand for unemployment insurance. This is in line with the theoretical predictions derived from the compensation hypothesis and theories on media effects. Furthermore, this effect is economically significant: Moving from the most globalization-sceptical newspaper (The Star in 2002) to the most globalization supporting one (The Express in 2005) reduces the likelihood to favor an expansion of unemployment benefits by about 11 percent.

Second, the size of the effect is hardly affected by the inclusion of various trade controls. Individuals can obtain information on how globalization affects their economic prospects through two channels: They can read newspapers (or consume other media) and they can assess the effects using trade statistics and trade theories, as implicitly assumed in prior literature. If newspaper reporting served as a proxy for economic effects according to trade theories, then we would expect to see the coefficient on newspaper slant declining considerably when including trade controls. However, this is not the case. Apparently, newspapers do not convey an accurate picture of the economic impact of globalization on each single individual.

Third, individuals self-select into newspapers with a policy stance similar to their own one. Controlling for this effect in a set of IV regressions yields slightly smaller coefficients. However, this stability might be driven by the relative unimportance of globalization for the general policy stance of a newspaper and thus for the self-selection of readers. When accounting for self-selection in regressions with indicators for the readership itself, the effect on the newspaper dummies vanishes almost completely.

These results entail several implications: First, one should be careful in choosing the appropriate measure for newspaper influence. In the absence of (natural) experiments or good instrumentation strategies, obtained coefficients might be entirely driven by self-selection. Second, quantitative text analysis is a reliable way to generate measures of media policy slant. In particular when the researcher wants to investigate the impact reporting on a very narrow topic has on a policy outcome, this method seems preferable. Third, the way media reports on globalization has a considerable effect on the formation of individual demand for compensation policies and thus ultimately the shape and scope of welfare systems. Aiming at understanding the links between globalization and compensation thus requires accounting for this effect.

References

ALESINA, A., AND P. GIULIANO (2009): "Preferences for Redistribution," Working paper, Harvard University.

ALESINA, A., AND E. LA FERRARA (2005): "Preferences for Redistribution in the Land of Opportunities," *Journal of Public Economics*, 89(5-6), 897–931.

ANGRIST, J. D., AND J.-S. PISCHKE (2009): *Mostly Harmless Econometrics*. Princeton University Press.

BLINDER, A. S. (2009): "How Many U.S. Jobs Might be Offshoreable?," *World Economics*, 10(2), 41–78.

BÉNABOU, R., AND E. A. OK (2001): "Social Mobility and the Demand for Redistribution: The Poum Hypothesis," *Quarterly Journal of Economics*, 116(2), 447–487.

BUDGE, I., H.-D. KLINGEMANN, A. VOLKENS, J. BARA, AND E. TANENBAUM (2001): *Mapping Policy Preferences. Estimates for Parties, Electors, and Governments 1945 - 1998*. Oxford University Press.

BURGOON, B. (2001): "Globalization and Welfare Compensation: Disentangling the Ties that Bind," *International Organization*, 55(3), 509–551.

CAMERON, A. C., J. B. GELBACH, AND D. L. MILLER (2008): "Bootstrap-Based Improvements for Inference with Clustered Errors," *Review of Economics and Statistics*, 90(3), 414–427.

CAMERON, A. C., AND P. K. TRIVEDI (2009): *Microeconometrics*. Cambridge Univ. Press, Cambridge.

CAMERON, D. R. (1978): "The Expansion of the Public Economy: A Comparative Analysis," *The American Political Science Review*, 72(4), 1243–1261.

CUSACK, T., T. IVERSEN, AND P. REHM (2006): "Risks at Work: The Demand and Supply Sides of Government Redistribution," *Oxford Review of Economic Policy*, 22(3), 365–389.

DELLAVIGNA, S., AND E. KAPLAN (2007): "The Fox News Effect: Media Bias and Voting," *Quarterly Journal of Economics*, 122(3), 1187–1234.

DREHER, A. (2006): "Does Globalization Affect Growth? Evidence from a new Index of Globalization," *Applied Economics*, 38(10), 1091–1110.

DURANTE, R., AND B. KNIGHT (2009): "Partisan Control, Media Bias, and Viewer Responses: Evidence from Berlusconi's Italy," Working Paper 14762, National Bureau of Economic Research.

FACCINI, G., AND A. M. MAYDA (2009): "Illegal Immigration and Media Exposure: Evidence on Individual Attitudes," Discussion Paper 7593, CEPR.

GEISHECKER, I. (2008): "The Impact of International Outsourcing on Individual Employment Security: A Micro-Level Analysis," *Labour Economics*, 15(3), 291–314.

GENTZKOW, M. (2006): "Television and Voter Turnout," *Quarterly Journal of Economics*, 121(3), 931–972.

GENTZKOW, M., AND J. M. SHAPIRO (2004): "Media, Education and Anti-Americanism in the Muslim World," *The Journal of Economic Perspectives*, 18(3), 117–133.

——— (2006): "Media Bias and Reputation," *The Journal of Political Economy*, 114(2), 280–316.

——— (2010): "What Drives Media Slant? Evidence From U.S. Daily Newspapers," *Econometrica*, 78(1), 35–71.

GERBER, A. S., D. KARLAN, AND D. BERGAN (2009): "Does the Media Matter? A Field Experiment Measuring the Effect of Newspapers on Voting Behavior and Political Opinions," *American Economic Journal: Applied Economics*, 1(2), 35–52.

GOLAN, G. J., AND W. WANTA (2001): "Second-level Agenda Setting in the New Hampshire Primary: A Comparison of Coverage in Three Newspapers and Public Perceptions of Candidates," *Journalism and Mass Communication Quarterly*, 78(2), 247–259.

HELPMAN, E. (2010): "Labor Market Frictions as a Source of Comparative Advantage, with Implications for Unemployment and Inequality," Working Paper 15764, National Bureau of Economic Research.

KIM, S. Y. (2007): "Openness, External Risk, and Volatility: Implications for the Compensation Hypothesis," *International Organization*, 61, 181–216.

KLINGEMANN, H.-D., A. VOLKENS, J. BARA, I. BUDGE, AND M. MCDONALD (2006): *Mapping Policy Preferences 2. Estimates for Parties, Electors, and Governments in Eastern Europe, European Union, and OECD 1990 - 2003*. Oxford University Press.

KNIGHT, B. G., AND C.-F. CHIANG (2008): "Media Bias and Influence: Evidence from Newspaper Endorsements," Working Paper 14445, National Bureau of Economic Research.

LA FERRARA, E., A. CHONG, AND S. DURYEA (2008): "Soap Operas and Fertility: Evidence from Brazil," Working paper, IGIER.

LARCINESE, V., R. PUGLISI, AND J. M. J. SNYDER (2007): "Partisan Bias in Economic News: Evidence on the Agenda-Setting Behavior of U.S. Newspapers," Working Paper 13378, National Bureau of Economic Research.

Laver, M., K. Benoit, and J. Garry (2003): "Extracting Policy Positions from Political Texts Using Words as Data," *The American Political Science Review*, 97(2), 311–331.

Lopez-Escobar, E., J. P. Llamas, and M. McCombs (1998): "Agenda Setting and Community Consensus: First and Second Level Effects," *International Journal of Public Opinion Research*, 10(4), 335–348.

Lord, C. G., L. Ross, and M. R. Lepper (1979): "Biased Assimilation and Attitude Polarization: The Effects of Prior Theories on Subsequently Considered Evidence.," *Journal of Personality and Social Psychology*, 37(11), 2098–2109.

Lowe, W. (2008): "Understanding Wordscores," *Political Analysis*, 16(4), 356–371.

Marks, L. A., N. Kalaitzandonakes, and S. Konduru (2006): "Images of Globalisation in the Mass Media," *World Economy*, 29(5), 615–636.

Martin, L. W., and G. Vanberg (2008): "A Robust Transformation Procedure for Interpreting Political Text," *Political Analysis*, 16(1), 93–100.

Mayda, A. M., and D. Rodrik (2005): "Why are some people (and countries) more protectionist than others?," *European Economic Review*, 49(6), 1393–1430.

McCombs, M. E., and D. L. Shaw (1972): "The Agenda-Setting Function of Mass-Media," *Public Opinion Quarterly*, 36(2), 176–187.

Mullainathan, S., and A. Shleifer (2005): "The Market for News," *The American Economic Review*, 95(4), 1031–1053.

Oberholzer-Gee, F., and J. Waldfogel (2009): "Media Markets and Localism: Does Local News en Espanol Boost Hispanic Voter Turnout?," *American Economic Review*, 99(5), 2120–28.

Pennings, P., and H. Keman (no date): "Comparative Electronic Manifestos Project, in cooperation with the Social Science Reserach Centre Berlin (Andrea Volkens, Hans-Dieter Klingemann) the Zentralarchiv für empirische Sozialforschung, GESIS, Universität zu Köln, and the Manifesto Research Group (chairman: Ian Budge). Financed by the Netherlands Organization for Scientific Research (NWO project 480-42-005).," .

Prat, A., and D. Strömberg (2005): "Commercial Television and Voter Information," Discussion Paper 4989, CEPR.

Protess, D. L., and M. McCombs (eds.) (1991): *Agenda setting - Readings on Media, Public Opinion, and Policymaking*, Communication textbook series : Journalism. Lawrence Erlbaum, Hillsdale, N.J.

Puglisi, R. (2008): "Being the New York Times: the Political Behavior of a Newspaper," Working paper, ECARES.

REHM, P. (2009): "Risks and Redistribution: An Individual-Level Analysis," *Comparative Political Studies*, 42(7), 855–881.

RODRIK, D. (1997): *Has Globalization Gone Too Far?* Institute for International Economics. Washington, D.C.

――― (1998): "Why Do More Open Economies Have Bigger Governments?," *The Journal of Political Economy*, 106(5), 997–1032.

――― (2000): "How Far Will International Economic Integration Go?," *The Journal of Economic Perspectives*, 14(1), 177–186.

SENSES, M. Z. (2010): "The Effects of Offshoring on the Elasticity of Labor Demand," *Journal of International Economics*, 81(1), 89–98.

STRÖMBERG, D. (2004): "Radio's Impact on Public Spending," *The Quarterly Journal of Economics*, 119(1), 189–221.

WALTER, S. (2010): "Globalization and the Welfare State: Testing the Microfoundations of the Compensation Hypothesis," *International Studies Quarterly*, 54(2), 403–426.

YEAPLE, S. R. (2005): "A Simple Model of Firm Heterogeneity, International Trade, and Wages," *Journal of International Economics*, 65(1), 1–20.

A Description of dataset

A.1 Summary statistics

Table 7: Summary Statistics (Raw Data)

Variable	Mean	Std. Dev.	Min.	Max.	Obs.
insurance	0.4	0.49	0	1	15757
newspaperposition	0.02	0.27	-0.61	0.62	10950
MondoTimes	3.77	1.13	2	5	10950
Heckscher-Ohlin	0.03	0.04	0	0.09	23465
Ricardo-Viner adv.	0.63	0.48	0	1	23614
Ricardo-Viner disadv.	0.35	0.48	0	1	23614
middle offshorability	0.27	0.44	0	1	23614
high offshorability	0.17	0.37	0	1	23614
very high offshorability	0.01	0.12	0	1	23614
low skilled	0.73	1.41	0	5	21234
medium skill	1.23	1.66	0	5	21234
high skill	0.87	1.58	0	5	21234
firm size	2.89	1.37	1	5	21234
female	0.57	0.5	0	1	23614
non-european	0.07	0.26	0	1	23492
unemployed	0.05	0.21	0	1	23612
out of laborforce	0.38	0.49	0	1	23612
labour	0.39	0.49	0	1	23614
libdem	0.12	0.32	0	1	23614
conservative	0.25	0.43	0	1	23614
Categories					
age	48.85	18.13	18	99	23614
income	8.62	4.85	1	16	20503
education	4.14	2.17	1	8	23614
Macro Controls					
gdppc_reg	17552.14	4137.18	13025.56	30042.74	23614
gdpgrowth	0.02	0.01	0.01	0.04	23614
hitechmanu	6.34	1.86	2.43	11.39	23614
skillservice	41.45	4.68	34.1	54	23614
unemploy_reg	4.89	1.13	3.22	7.24	23614
pop65	912666.88	257115.52	418000	1344600	23614
popdens	775.16	1353.43	64.92	4741.35	23614
region_cons	0.35	0.09	0.19	0.46	23614
region_lab	0.39	0.1	0.24	0.51	23614
region_lib	0.19	0.05	0.14	0.32	23614
regional	6.33	3.13	1	11	23614
year	2003.07	1.41	2001	2005	23614

Table 8: Summary Statistics (Working Sample)

Variable	Mean	Std. Dev.	Min.	Max.	Obs.
insurance	0.4	0.49	0	1	5834
newspaperposition	0.02	0.27	-0.61	0.62	5834
MondoTimes	3.76	1.14	2	5	5834
Heckscher-Ohlin	0.03	0.04	0	0.09	5834
Ricardo-Viner adv.	0.64	0.48	0	1	5834
Ricardo-Viner disadv.	0.36	0.48	0	1	5834
middle offshorability	0.26	0.44	0	1	5834
high offshorability	0.17	0.38	0	1	5834
very high offshorability	0	0	0	0	5834
low skilled	0.8	1.46	0	5	5834
medium skill	1.32	1.7	0	5	5834
high skill	0.76	1.5	0	5	5834
firm size	2.92	1.37	1	5	5834
female	0.52	0.5	0	1	5834
non-european	0.06	0.24	0	1	5834
unemployed	0.04	0.21	0	1	5834
out of laborforce	0.41	0.49	0	1	5834
labour	0.42	0.49	0	1	5834
libdem	0.1	0.3	0	1	5834
conservative	0.29	0.45	0	1	5834
Categories					
age	50.64	17.69	18	99	5834
income	8.44	4.77	1	16	5834
education	4.26	2.1	1	7	5834
Macro Controls					
gdppc_reg	17481.8	4091.36	13025.56	30042.74	5834
gdpgrowth	0.02	0.01	0.01	0.04	5834
hitechmanu	6.43	1.92	2.43	11.39	5834
skillservice	41.36	4.71	34.1	54	5834
unemploy_reg	4.95	1.14	3.22	7.24	5834
pop65	911443.16	257268.81	418000	1344600	5834
popdens	765.38	1342.26	64.92	4741.35	5834
region_cons	0.35	0.09	0.19	0.46	5834
region_lab	0.4	0.1	0.24	0.51	5834
region_lib	0.19	0.05	0.14	0.32	5834
regional	6.39	3.17	1	11	5834
year	2002.92	1.4	2001	2005	5834

Table 9: Descriptive Statistics for Newspaper Readers

| Newspaper	insurance	conservative	libdem	labour	age	female	education	income	unemployed	number of readers
Express	0.29	0.45	0.14	0.26	56.68	0.52	4.34	8.22	0.03	425
Mail	0.27	0.49	0.12	0.24	54.81	0.57	4.18	9.13	0.02	1440
Mirror	0.45	0.09	0.06	0.66	53.01	0.51	4.96	6.62	0.06	1095
Star	0.43	0.13	0.07	0.50	39.47	0.39	4.69	8.11	0.07	211
Sun	0.41	0.22	0.07	0.43	45.57	0.54	4.96	7.34	0.06	1796
Telegraph	0.35	0.64	0.12	0.17	57.25	0.42	3.06	11.08	0.03	501
Guardian	0.78	0.05	0.18	0.66	45.07	0.45	1.97	11.40	0.06	344
Independent	0.70	0.06	0.32	0.43	46.57	0.34	2.62	11.55	0.05	110
Times	0.45	0.37	0.14	0.32	48.48	0.40	2.26	11.75	0.03	404
Record	0.51	0.06	0.06	0.56	51.81	0.61	5.01	6.81	0.06	160

All values are shares, unless indicated otherwise. *education* and *income* are ordinal indicators, with higher values of *education* indicating a lower educational degree and higher values of *income* indicating a higher income.

A.2   Description of Variables

Table 10: Description of Variables

Variable	Definition	Source
insurance	Dummy for demand for higher unemployment benefits	BSAS: dole
newspaperposition	Text content measure	compare Section B.1
MondoTimes	Measure for general slant of newspapers	compare Section A.2.1
Heckscher-Ohlin	Indicator: 1 if indiv. favored according to Heckscher-Ohlin, 0 else	compare Section A.2.1
Ricardo-Viner adv.	Indicator: 1 if indiv. working in favored sector according to Ricardo-Viner, 0 else	compare Section A.2.1
Ricardo-Viner disadv.	Indicator: 1 if indiv. working in disfavored sector according to Ricardo-Viner, 0 else	compare Section A.2.1
middle offshorability	Indicator: 1 if indiv. has non-offshorable occupation, 0 else	compare Section A.2.1
high offshorability	Indicator: 1 if indiv. has offshorable occupation, 0 else	compare Section A.2.1
very high offshorability	Indicator: 1 if indiv. has highly offshorable occupation, 0 else	compare Section A.2.1
low skilled	educational attainment: no degree	BSAS: hedqual
medium skill	educational attainment: school degree, but no further qualification	BSAS: hedqual
high skill	educational attainment: further qualification or university	BSAS: hedqual
firm size	Number of employees at workplace of respondent	BSAS: rempwork
female	indicator: 1 if respondent female	BSAS: rsex
non-european	indicator: 1 if of non-european ethnical origin, 0 else	BSAS: raceori2
unemployed	indicator: 1 if unemployed, 0 else	BSAS: reconact
out of laborforce	indicator: 1 if not in labor force, 0 else	BSAS: reconact
labour	indicator: 1 if supporting Labour Party, 0 else	BSAS: partyid2
libdem	indicator: 1 if supporting Liberal Democrats, 0 else	BSAS: partyid2
conservative	indicator: 1 if supporting Conservative Party, 0 else	BSAS: partyid2
Categories		
age	grouped age of respondent	BSAS: age
income	grouped nominal annual household income	BSAS: hhincome
education	highest educational degree	BSAS: hedqual
Macro Controls		
gdppc_reg	Regional real GDP per capita	OECDstat Regional statistics
gdp growth	Growth of regional real GDP	OECDstat Regional statistics
hi tech manu	Share of employment in high-tech manufacturing in total manu. employment	OECDstat Regional statistics
skill service	Share of employment in skilled services in total service employment	OECDstat Regional statistics
unemploy_reg	Regional unemployment rate	OECDstat Regional statistics
pop65	Population older than 65	OECDstat Regional statistics
popdens	Regional population density: persons per square-kilometer	OECDstat Regional statistics
region_cons	Regional average share of votes for Conservative Party in general elections 1992-2005	House of Commons Statistical Section
region_lab	Regional average share of votes for Labour Party in general elections 1992-2005	House of Commons Statistical Section
region_lib	Regional average share of votes for Liberal Democrats in general elections 1992-2005	House of Commons Statistical Section
regional	Government Office Region of residence	BSAS: gor2
year	year	BSAS: year

Figure 1: Share of Newspaper Readers in Overall BSAS Sample
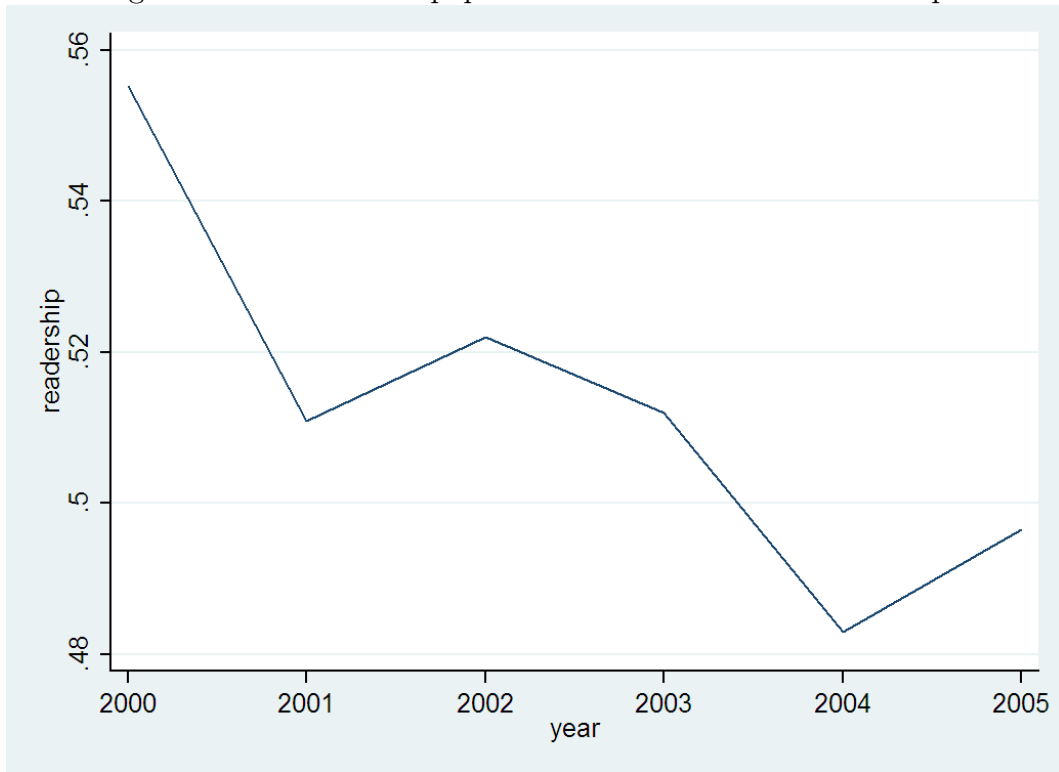
A.2.1 Construction of Trade Variables

Heckscher-Ohlin Captures the prediction of the Heckscher-Ohlin model. Interaction of total trade flows of UK with non-OECD countries in percent of UK GDP per year with qualification dummy taking the value 1 if the individual has a least an O-level qualification (hedqual<=4), 0 else.

Ricardo-Viner adv./disadv. Measures the comparative advantage or disadvantage of an industry in a certain year. Constructed as in Mayda and Rodrik (2005, p.1410).

middle/high offshorability This variable uses the data-set on the potential to offshore jobs as developed by Blinder (2009). The index ranks 291 occupations in the US according to their potential to be offshored using 2004 official data. All occupations not comprised in the dataset (526 out of 817) are declared to be highly non-offshorable. The only thing we know about these occupations is that they have an offshorability index between 0 and 24; thus, I assign a value of 12 to each of them. Since the index is ordinal in nature, I derive dummies for highly offshorable(index value between 100 and 75), offshorable(74-50), and non-offshorable (49-25) occupations as suggested by Blinder (2009). To match these values to individuals in my dataset, occupational classifications have to be adjusted since occupations are coded according to 3digit International Standard Classification of Occupations (ISCO88) in the BSAS and according to 6digit SOC 2000 in Blinder (2009). Matching is carried out using correspondence tables

provided on request by the UK Office for National Statistics and the US Bureau of Labor Statistics, respectively. Since a unique matching of occupations is not feasible, unweighted averages of offshorability scores of all SOC 2000 occupations assigned to an ISCO88 occupation are constructed.

B Quantitative Text Analysis: Wordscores Procedure

B.1 Selection and preparation of newspaper articles for text analysis

All newspaper articles are obtained through the online database *LexisNexis*. This database allows to select articles according to the newspaper they have been published in and the date of publication. Furthermore, every article gets assigned to several keywords. In addition, a score indicating the relevance of this keyword in describing the content of the specific article is available.[42]

For every newspaper and year in the dataset, I select all articles with a relevance of at least 90% in at least one of the following categories: *international trade*, *foreign investment*, *enterprise globalization*, *offshoring*, *free trade treaties & agreements*, *tariffs & duties*, *non-tariff barriers*, *protectionism*, *antidumping laws*, *export controls*, *import controls*, *foreign labor*, and *migrant workers*. All articles are carefully corrected for spelling mistakes. Information describing the newspaper article that does not belong to the original article is removed. In the next step, I construct word count matrices. The routine for Wordscores implemented within Stata allows to construct these matrices treating either single words or groups of several words as unit of observation. In the analysis for this paper, I construct word count matrices for groups of two and three words. This choice reflects the rare occurrence of compound words in the English language. Results for textscores derived using these different matrices are reported in Table 1.

---

[42]More detailed information on the precise procedures can be obtained through the company website (http://law.lexisnexis.com/infopro/Training-and-Resources/SmartIndexing-Resource-Center) or is available from the author upon request.

B.2 Result from Wordscores Procedure

Table 11: Words and phrases positioning a text on far left or right

	unigrams	bigrams	trigrams
anti-glob.	work-fare	collaborative approach	public spending allocations
anti-glob.	under-performing	industries protecting	encourage employment opportunities
anti-glob.	mismanagement	regulator government	much economic instability
anti-glob.	welfare-to-work	high unemployment	minimum wage decided
anti-glob.	underdevelopment	export licenses	suffered unemployment for
anti-glob.	disadvantageous	planning demand	public vs private
anti-glob.	unfairness	suit employees	division and inequality
anti-glob.	discouraged	economic insecurity	secure higher standards
anti-glob.	co-operatively	working co-operatively	promote employability and
anti-glob.	employability	work-fare proposals	economy and environmental
pro-glob.	counter-inflation	stable currency	competitiveness and performance
pro-glob.	non-tax	invest heavily	economic opportunity for
pro-glob.	newly-privatized	enterprise improving	promoting competition reviewing
pro-glob.	corporation	increase competition	our counter-inflation discipline
pro-glob.	creditor	european market	market domestic customers
pro-glob.	economics	economy recovers	economic conditions create
pro-glob.	deregulation	bureaucratic regulation	economic efficiency is
pro-glob.	exporters	successful industry	commercially attractive as
pro-glob.	industrious	competitive bidding	committed to openness
pro-glob.	lightly-taxed	have privatized	size privatization comptition

Word weights obtained using the *wordfreq* and *phrasefreq* routines provided by Laver, Benoit, and Garry (2003). Presented words/groups of words have been selected from set of words with highest negative and positive scores in sample, resp., i.e. those pushing a text considerably into a left or right political direction.

Figure 2: Reporting on Economic Globalization and Index of Economic Globalization
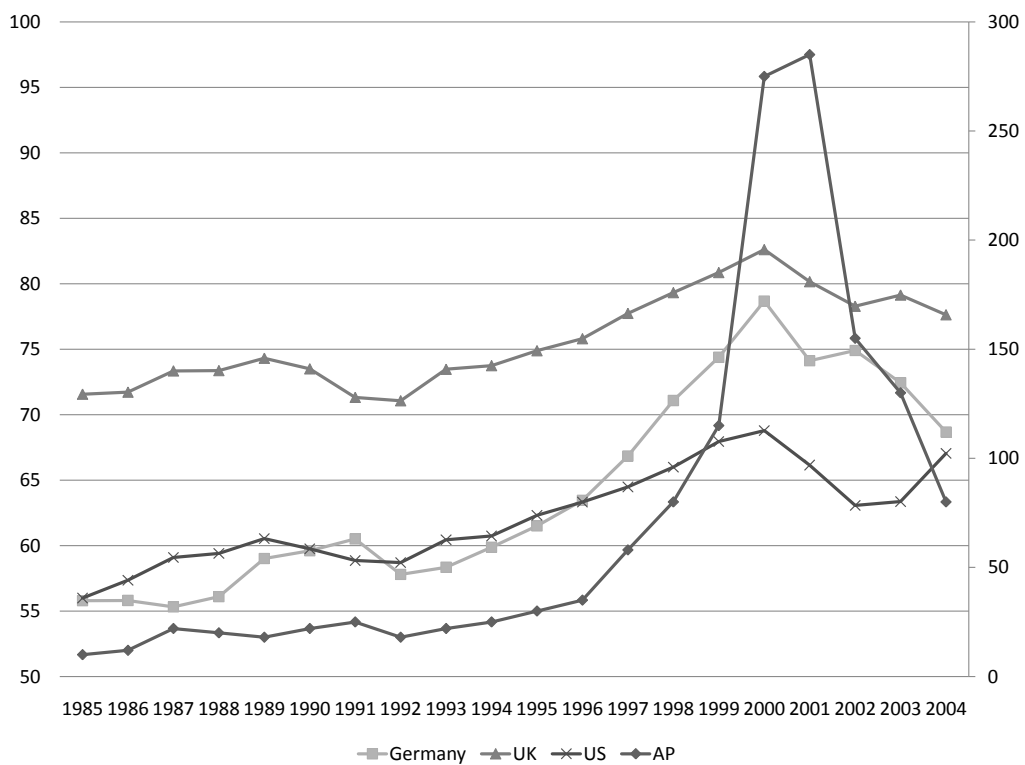
Index of Economic Globalization for Germany, UK, and US on left scale (Dreher 2006), number of articles in Associated Press on right scale (Marks, Kalaitzandonakes, and Konduru 2006)

C Additional Regression Results

Table 12: First Stage Regressions (Part 1)

	Express	Mail	Mirror	Star	Sun
			Dep. Var.: Newspaper Choice		
IV: Regional Newspaper Readership Shares					
Express	17.629***	4.380**	-6.893***	-4.659	1.592
	(2.742)	(2.037)	(1.597)	(3.041)	(2.821)
Mail	0.075	7.484***	-0.212	-1.719	-2.696*
	(1.095)	(0.975)	(0.951)	(2.053)	(1.390)
Mirror	-0.698	-2.242*	8.045***	1.674	-2.900**
	(1.617)	(1.279)	(0.982)	(2.046)	(1.127)
Star	-2.757	-2.406	1.795	40.956***	-0.357
	(3.452)	(2.667)	(3.255)	(9.349)	(4.556)
Sun	-1.510	-1.504	-1.959	0.009	4.062***
	(1.183)	(1.597)	(1.241)	(2.129)	(1.512)
Telegraph	0.104	-3.675***	0.917	-3.441	-3.919**
	(1.560)	(1.210)	(0.764)	(2.590)	(1.857)
Guardian	1.613	-6.095***	6.348**	-5.392	-0.893
	(1.847)	(1.471)	(2.871)	(6.411)	(2.522)
Independent	4.297	1.639	8.931**	1.794	-2.851
	(4.317)	(2.535)	(3.533)	(9.000)	(3.889)
Times	0.929	-3.884**	-1.334	11.672**	-0.901
	(2.410)	(1.896)	(1.713)	(5.469)	(0.890)
Record	-1.185	-2.165	0.170	2.860	-2.962**
	(1.895)	(1.371)	(1.225)	(2.307)	(1.255)
Trade controls					
Heckscher-Ohlin	-2.957	-6.130	6.085	-0.150	3.933
	(5.492)	(6.005)	(9.013)	(7.710)	(6.057)
Ricardo-Viner adv.	-0.339	0.667*	-0.082	-0.901	0.426
	(0.293)	(0.389)	(0.242)	(0.584)	(0.489)
Ricardo-Viner disadv.	-0.409	0.704*	-0.095	-0.935*	0.440
	(0.280)	(0.383)	(0.249)	(0.514)	(0.483)
middle offshorability	0.050	0.133***	-0.077	-0.024	-0.172**
	(0.056)	(0.033)	(0.078)	(0.131)	(0.078)
high offshorability	0.089	0.158***	-0.014	-0.020	-0.181**
	(0.078)	(0.041)	(0.049)	(0.108)	(0.074)
low skilled x firm size	0.154	0.197	-0.268***		-0.341***
	(0.207)	(0.187)	(0.095)		(0.106)
medium skill x firm size	0.078	0.270	-0.290***	-0.087	-0.351***
	(0.227)	(0.179)	(0.091)	(0.080)	(0.106)
high skill x firm size	0.133	0.263*	-0.331***	-0.032	-0.360***
	(0.211)	(0.156)	(0.084)	(0.120)	(0.131)
firm size	-0.131	-0.235	0.310***	-0.004	0.347***
	(0.213)	(0.182)	(0.079)	(0.057)	(0.109)
Individual controls					
female	0.057	0.297***	-0.099*	-0.360***	0.016
	(0.069)	(0.049)	(0.051)	(0.070)	(0.047)
non-european	0.171	0.289**	0.227*	-0.269	-0.336**
	(0.106)	(0.143)	(0.129)	(0.276)	(0.167)
unemployed	-0.240	-0.028	0.116**	-0.128	-0.340***
	(0.223)	(0.127)	(0.055)	(0.171)	(0.091)
out of laborforce	-0.278**	-0.088	-0.057	-0.011	-0.034
	(0.117)	(0.090)	(0.037)	(0.103)	(0.064)
labour	-0.249**	-0.183***	0.475***	-0.066	-0.212***
	(0.118)	(0.070)	(0.085)	(0.123)	(0.067)
libdem	0.247*	0.280***	0.002	-0.346**	-0.471***
	(0.143)	(0.046)	(0.097)	(0.165)	(0.114)
conservative	0.160	0.420***	-0.495***	-0.406***	-0.235***
	(0.122)	(0.060)	(0.054)	(0.139)	(0.062)
Age categories	✓	✓	✓	✓	✓
Education cat.	✓	✓	✓	✓	✓
Income cat.	✓	✓	✓	✓	✓
Macro Controls	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓
Clustered SE	✓	✓	✓	✓	✓
R^2_{pseudo}	0.093	0.106	0.170	0.220	0.173
Obs.	5834	5834	5834	5834	5834

Dependent variable is a dummy taking the value 1 when newspaper is read. Marginal effects of probit estimation reported. Clustering at regional level. Statistical significance at the 10, 5, 1 percent levels denoted by *, **, *** , resp.

Table 13: First Stage Regressions (Part 2)

	Telegraph	Guardian	Independent	Times	Record
			Dep. Var.: Newspaper Choice		

IV: Regional Newspaper Readership Shares

	Telegraph	Guardian	Independent	Times	Record
Express	-4.414	1.729	-16.011***	-0.243	177.981
	(2.747)	(3.907)	(3.322)	(2.056)	(.)
Mail	-2.947*	-5.078**	0.602	-1.776*	-40.700*
	(1.564)	(2.047)	(2.759)	(1.056)	(23.417)
Mirror	-4.835***	1.234	4.408	-0.363	-88.315**
	(0.955)	(1.060)	(3.848)	(1.446)	(40.454)
Star	-21.168***	8.806**	22.967***	-7.409*	56.744
	(4.193)	(3.477)	(7.580)	(4.256)	(.)
Sun	-3.186*	0.549	10.800***	2.189	168.543
	(1.887)	(2.317)	(3.116)	(1.331)	(.)
Telegraph	12.537***	1.492	13.852***	0.394	-118.732
	(2.813)	(2.881)	(5.110)	(1.110)	(149.470)
Guardian	6.199*	35.620***	-12.986*	1.371	151.435***
	(3.487)	(6.349)	(6.661)	(2.615)	(27.842)
Independent	-1.796	0.792	50.205***	-16.603**	229.315
	(5.682)	(7.188)	(13.128)	(8.221)	(216.401)
Times	-9.339***	7.525*	0.903	18.709***	267.979***
	(3.037)	(4.138)	(5.993)	(4.116)	(30.371)
Record	-2.299**	-0.859	5.532	-1.087	9.781
	(1.144)	(1.211)	(4.393)	(1.874)	(.)
Trade controls					
Heckscher-Ohlin	1.749	-7.023	10.591	3.578	49.480***
	(9.461)	(7.550)	(10.181)	(5.908)	(7.279)
Ricardo-Viner adv.	-0.371	-1.518***	3.917	4.545***	5.968***
	(0.341)	(0.449)	(3.135)	(0.973)	(0.100)
Ricardo-Viner disadv.	-0.249	-1.434***	3.871	4.382***	6.069
	(0.335)	(0.500)	(3.155)	(0.995)	(.)
middle offshorability	0.173*	-0.047	-0.126	0.089	0.466***
	(0.096)	(0.123)	(0.096)	(0.109)	(0.071)
high offshorability	0.187***	0.131	-0.425**	0.062	0.042
	(0.068)	(0.084)	(0.207)	(0.085)	(0.168)
low skilled x firm size	-0.043	0.304*	-0.010	-3.815***	-0.252**
	(0.109)	(0.171)	(0.119)	(0.916)	(0.110)
medium skill x firm size	0.006	0.242	0.068	-3.772***	0.206*
	(0.133)	(0.220)	(0.124)	(0.899)	(0.105)
high skill x firm size	0.056	0.238	-0.052	-3.667***	-0.159
	(0.136)	(0.228)	(0.064)	(0.919)	(0.130)
firm size	-0.043	-0.283	-0.022	3.798***	0.051
	(0.139)	(0.202)	(0.086)	(0.892)	(0.105)
Individual controls					
female	-0.126***	-0.078	-0.281**	-0.143**	0.284***
	(0.045)	(0.104)	(0.137)	(0.068)	(0.081)
non-european	-0.086	0.005	-0.611***	0.224	
	(0.112)	(0.093)	(0.066)	(0.178)	
unemployed	0.459**	0.325	0.446	-0.156	0.201***
	(0.180)	(0.348)	(0.483)	(0.203)	(0.062)
out of laborforce	0.217	-0.109	-0.224	0.199	-0.151
	(0.152)	(0.137)	(0.139)	(0.129)	(0.191)
labour	-0.060	0.454***	0.135	-0.111	0.203**
	(0.109)	(0.160)	(0.096)	(0.105)	(0.095)
libdem	0.239*	0.314*	0.359	0.022	-0.449*
	(0.145)	(0.180)	(0.221)	(0.131)	(0.250)
conservative	0.677***	-0.531**	-0.772***	0.002	-0.482***
	(0.100)	(0.215)	(0.164)	(0.095)	(0.067)
Age categories	✓	✓	✓	✓	✓
Education cat.	✓	✓	✓	✓	✓
Income cat.	✓	✓	✓	✓	✓
Macro Controls	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓
Clustered SE	✓	✓	✓	✓	✓
R^2_{pseudo}	0.093	0.106	0.170	0.220	0.173
Obs.	5834	5834	5834	5834	5834

Dependent variable is a dummy taking the value 1 when newspaper is read. Marginal effects of probit estimation reported. Clustering at regional level. Statistical significance at the 10, 5, 1 percent levels denoted by *, **, *** , resp.

39

Table 14: Robustness Checks

	Lag Structure			Internet
	Dep. Var.: Extend unemployment benefits?			
	(14.1)	(14.2)	(14.3)	(14.4)
newspaperposition	-0.121***		-0.124***	-0.099**
	(0.044)		(0.042)	(0.040)
lag_newspaperposition		0.000	0.001	
		(0.001)	(0.001)	
internet				-0.029
				(0.019)
newspaperposition x internet				-0.024
				(0.053)
Trade controls				
Heckscher-Ohlin	-4.154*	-3.534	-4.046	-3.124
	(2.498)	(2.418)	(2.510)	(2.489)
Ricardo-Viner adv.	0.416***	0.420***	0.412***	0.348***
	(0.076)	(0.076)	(0.075)	(0.086)
Ricardo-Viner disadv.	0.518***	0.521***	0.512***	0.395***
	(0.101)	(0.100)	(0.099)	(0.096)
middle offshorability	-0.028*	-0.026	-0.028*	-0.027*
	(0.016)	(0.016)	(0.016)	(0.015)
high offshorability	-0.037*	-0.038*	-0.037*	-0.024
	(0.022)	(0.022)	(0.022)	(0.020)
low skilled x firm size	-0.040	-0.040	-0.043	-0.078**
	(0.035)	(0.035)	(0.034)	(0.036)
medium skill x firm size	-0.026	-0.024	-0.029	-0.082***
	(0.025)	(0.025)	(0.025)	(0.031)
high skill x firm size	-0.072**	-0.071**	-0.075**	-0.117***
	(0.035)	(0.034)	(0.034)	(0.040)
firm size	0.033	0.033	0.036	0.081**
	(0.029)	(0.029)	(0.029)	(0.033)
Individual controls				
female	-0.032	-0.031	-0.031	-0.036
	(0.024)	(0.024)	(0.024)	(0.025)
non-european	-0.109*	-0.107*	-0.108*	-0.091
	(0.063)	(0.062)	(0.063)	(0.069)
unemployed	0.258***	0.257***	0.256***	0.269***
	(0.075)	(0.073)	(0.073)	(0.060)
out of laborforce	0.142***	0.141***	0.141***	0.127***
	(0.036)	(0.035)	(0.035)	(0.038)
labour	0.069**	0.071**	0.068**	0.084**
	(0.031)	(0.031)	(0.030)	(0.039)
libdem	0.023	0.023	0.024	-0.005
	(0.037)	(0.037)	(0.037)	(0.031)
conservative	-0.122***	-0.121***	-0.122***	-0.135***
	(0.029)	(0.029)	(0.029)	(0.031)
Age categories	✓	✓	✓	✓
Education cat.	✓	✓	✓	✓
Income cat.	✓	✓	✓	✓
Newspaper FE	✓	✓	✓	✓
Year FE	✓	✓	✓	✓
Macro Controls	✓	✓	✓	✓
Clustered SE	✓	✓	✓	✓
R^2_{pseudo}	0.137	0.136	0.137	0.132
Obs.	4607	4607	4607	5834

Dependent variable is binary with higher values indicating demand for higher unemployment benefits. Marginal effects of probit estimation reported in all columns. Second-stage effects reported. Observations from year 2000 excluded in regressions (14.1) - (14.3). *internet* is a dummy for internet access in household. Clustering at newspaper level. Statistical significance at the 10, 5, 1 percent levels denoted by *, **, *** , resp.