

A satellite image of Earth showing the Americas. The United States, Mexico, and Central America are visible in shades of green and brown, surrounded by blue oceans and white clouds. The image is positioned on the left side of the slide, with a dark grey vertical bar on the right.

Globalization in America

Our Perceptions and Future Welfare

Honors Thesis Presentation
Brittany Boals
April 20th, 2007

Agenda

1. Introduction to the Issue
2. Need for Research
3. The Nature of Globalization
 1. Definition
 2. Effects
4. Subject Selection and Hypotheses
5. Research Methodology and Data
6. Conclusions



Introduction to the Issue



Another Phase of Globalization

The most recent phase of globalization in America is causing controversy over:

1. Increasing Global Competition
2. Loss of Jobs
3. Wage Reductions





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The Economist

APRIL 7TH-13TH 2007

www.economist.com

- Iran and the British sailors
- Shaking up Europe's airlines
- Trade in danger in America
- Russia's rising Muslims
- Can dirt stave off depression?

Globalisation's offspring

How the new multinationals are remaking the old



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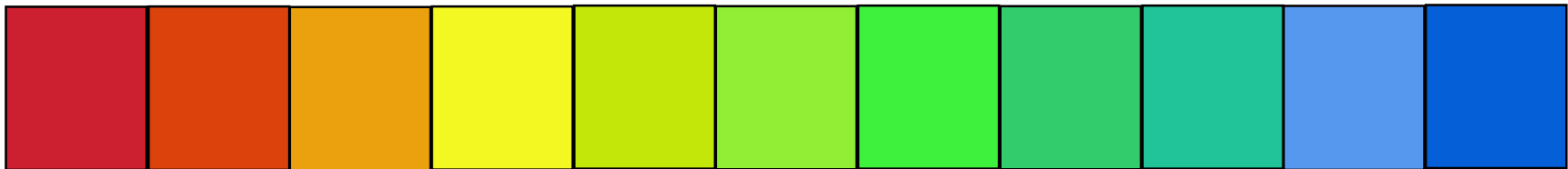
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America's Varied Response

Current Reactions to Globalization

"Median Voter"

Remain optimistic despite their anxiety
towards globalization



Protectionists

Beginning to demand protection against
increased global competition

Liberals

Readily support globalization in belief
of its positive effects on American life

Need For Research



Introduction to Research

Current research does not attempt to explain what makes Americans react to globalization in such a varied manner

Intent of Research:

Document the variations of Americans' responses to globalization in the context of certain distinguishing personal factors:

1. Industry of employment
2. Gender
3. Level of Education



The Nature of Globalization

1. Definition

2. Effects



Globalization Defined

“The growing integration of economies and societies around the world.” -

The World Bank

Economists refer to globalization as the process of making prices, products, wages, rates of interest and profits increase one nation's dependence on international markets, cultures and economies. For the purpose of this research, globalization will be defined as changes around the world that become the same everywhere.

international markets, cultures and economies.

Many social entrepreneurs think of globalization in terms of wealth distribution and poverty alleviation.

Effects of Globalization

- **Convergence of real wages and living standards between poor and rich countries.**
- **Globalization Backlash**
- **Long-term Benefits**

Jagdish Bhagwati states that globalization “only adds to the overall economic pie and improves the competitiveness of American companies. In a world economy, firms that forgo cheaper supplies of services are doomed to lose markets, and hence production. And companies that die out, of course, do not employ people.” (Source: Bhagwati, Jagdish. “Why Your Job Isn’t Moving to Bangalore.” *New York Times*. Feb 15, 2004.)
- **Income Inequality Domestically**
- **Increased International Hostility**
- **Increased Poverty**

Subject Selection and Hypotheses



The Four Sectors of Industry

Agriculture

Poses an interesting example of a protected industry that is threatened greatly by globalization.

Highly accessible due to my background.

Manufacturing

The most negatively impacted by fundamental industry changes from 2001 until 2003, representing one tenth of the total 1.5 million workers displaced during this time period.

(Source: Glasmeier, Amy and Priscilla Salant)

Finance

Chosen due to its historical penchant for trade liberalization.

Education

Chosen due to its neutrality on the subject. As a true service-oriented sector, it is nearly impossible to outsource education.

Research Goals and Hypotheses

Intensity of the globalization scare

Continued Globalization and One's Field of Employment

Effects of Globalization Given Industry of Employment

Public Policy Solutions and Sector of Employment

Research Methodology and Data



Methodology: The Survey

To measure these sectors' responses to globalization, I designed, distributed, and collected a research survey

- Based on Research Goals
- Twenty Questions + Demographic Section
- Most questions of ordinal nature
- Definition Statement to explain the issue
- One constant-sum question
- Scenario-based questioning
- "Check" questions

Methodology: Recruitment

Agriculture

1. Traveled to farms around my hometown in Arkansas
2. Sought additional sources from these farmers
3. Contacted local university Agriculture Departments

Manufacturing

1. Contacted public relations and investor relations departments of the "Big 3" U.S. car companies
2. Negotiated to have my survey sent to employees throughout the companies
3. Reached out to other small manufacturing companies, and asked for their help

Finance

1. Emailed my previous employers and asked for the survey and recruitment letter to be sent throughout the companies
2. Spoke with peers who have previously worked in Finance and will be returning to the sector full-time this summer
3. Requested that peers forward the survey to colleagues

Education

1. Contacted professors around the nation with whom I have personal relationships. Professors were asked to personally complete the survey as well as distribute it to their classes
2. Recruited additional respondents through messages on Facebook to students around the country

Methodology: Data Analysis

Five main steps of data analysis:

- **Data Collection**
 - **Online**
 - **Print**
- **Code responses**
- **Adjust responses for sector of employment**
- **Find most common responses and average opinions to make basic inferences**
- **Run regression analyses to test the statistical significance of findings; dummy variables were assigned to ordinal data**

Findings and Conclusions



A Picture of the Four Sectors

Agriculture

N: 231 Respondents

Gender Distribution: 94% Male, 6% Female

Level of Education:

86% with college experience, 11% high school graduates, 3% obtained Associates degrees

Geographic Dispersion:

Arkansas – 96%. Remaining 4% from California, Tennessee, Missouri, Iowa, and Nebraska

Average Age: 33.5 years old

Media Habits:

Most obtain their news from local or state broadcast news channels; secondly, they rely on national broadcast news. Based on their choices of news channel, these respondents are slightly more politically conservative than liberal.

Manufacturing

N: 88 Respondents

Gender Distribution: 67% Male, 33% Female

Level of Education:

22% with graduate school experience, 52% with college experience, 13% high school graduates, 13% obtained Associates degrees

Geographic Dispersion:

50% Michigan, 50% Tennessee

Average Age: 41.3 years old

Media Habits:

The preferred method of obtaining news was from an online resource. None of the respondents answered that they obtained most of their news from newspapers. This group of respondents was more politically conservative.

A Picture of the Four Sectors

Finance

N: 84 Respondents

Gender Distribution: 71% Male, 29% Female

Level of Education:

11% with graduate school experience, 85% with college experience, 3% high school graduates

Geographic Dispersion:

New York – 90%. Remaining 10% from Georgia, Pennsylvania, Michigan, and Texas

Average Age: 26.1 years old

Media Habits:

Most obtain their news from online sources. This group is the most likely to read newspapers like *The Wall Street Journal* and *The Financial Times*. Most of these respondents are politically conservative.

Education

N: 249 Respondents

Gender Distribution: 59% Male, 41% Female

Level of Education:

11% with graduate school experience, 86% with college experience, 3% high school graduates

Geographic Dispersion:

From all across the nation, with major concentrations in New York, Arkansas, and Mississippi

Average Age: 23.9 years old

Media Habits:

According to 70% of the respondents, most of the education sector obtains its news from online sources. Only 14% read the newspaper, and no respondents depend on national broadcast news for information.

Hypotheses Prove True

- **The Globalization Scare is real, but all sectors are equally concerned**
- **Manufacturing is less likely to think that continued globalization will be good for the United States and the economy than finance and education**
- **Finance and education are less concerned about the effects of globalization than manufacturing and agriculture**
- **All sectors are hesitant to suggest protectionist policy solutions, though manufacturing and agriculture are more willing to do so**
- **Education and job training are the most popular policy solutions**

An Example of Analysis

Until now, globalization has had an effect on the following: (check all that apply)	Agriculture		Education		Finance		Manufacturing	
	Total	Percentage	Total	Percentage	Total	Percentage	Total	Percentage
My Wage Rate	99	43%	24	10%	7	8%	39	46%
My perceived job security	120	52%	69	28%	18	21%	46	55%
My attitude towards buying foreign gds/svcs	177	77%	63	25%	21	25%	59	70%
My employment Status	62	27%	20	8%	5	6%	44	52%

Employment Status

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant = Education)	.313	.087		3.610	.000
Agriculture	.184	.046	.182	4.049	.000
Manuf	.231	.057	.164	4.089	.000
Finance	-.239	.057	-.166	-4.176	.000
Gender	-.143	.042	-.136	-3.372	.001
Level of Ed	.013	.028	.017	.456	.649

Agriculture is Surprising

The agriculture sector disproves some of the hypotheses

■ Agriculture Does Not Behave as Predicted...

Believes globalization will have positive impacts on their industry, wage rate, perceived job security and standards of living. Other sectors behave as predicted

Given the field of your employment, how do you believe globalization will affect your industry as a whole?	Agriculture		Education		Finance		Manufacturing	
	Total	Percentage	Total	Percentage	Total	Percentage	Total	Percentage
Mostly Negative	35	15%	7	4%	7	12%	39	47%
No Affect	54	24%	118	62%	11	19%	15	18%
Mostly Positive	140	61%	66	35%	40	69%	29	35%
Significance/Coefficient	2.994	0.109	12.537	0.875	1.737	0.086	3.546	0.155

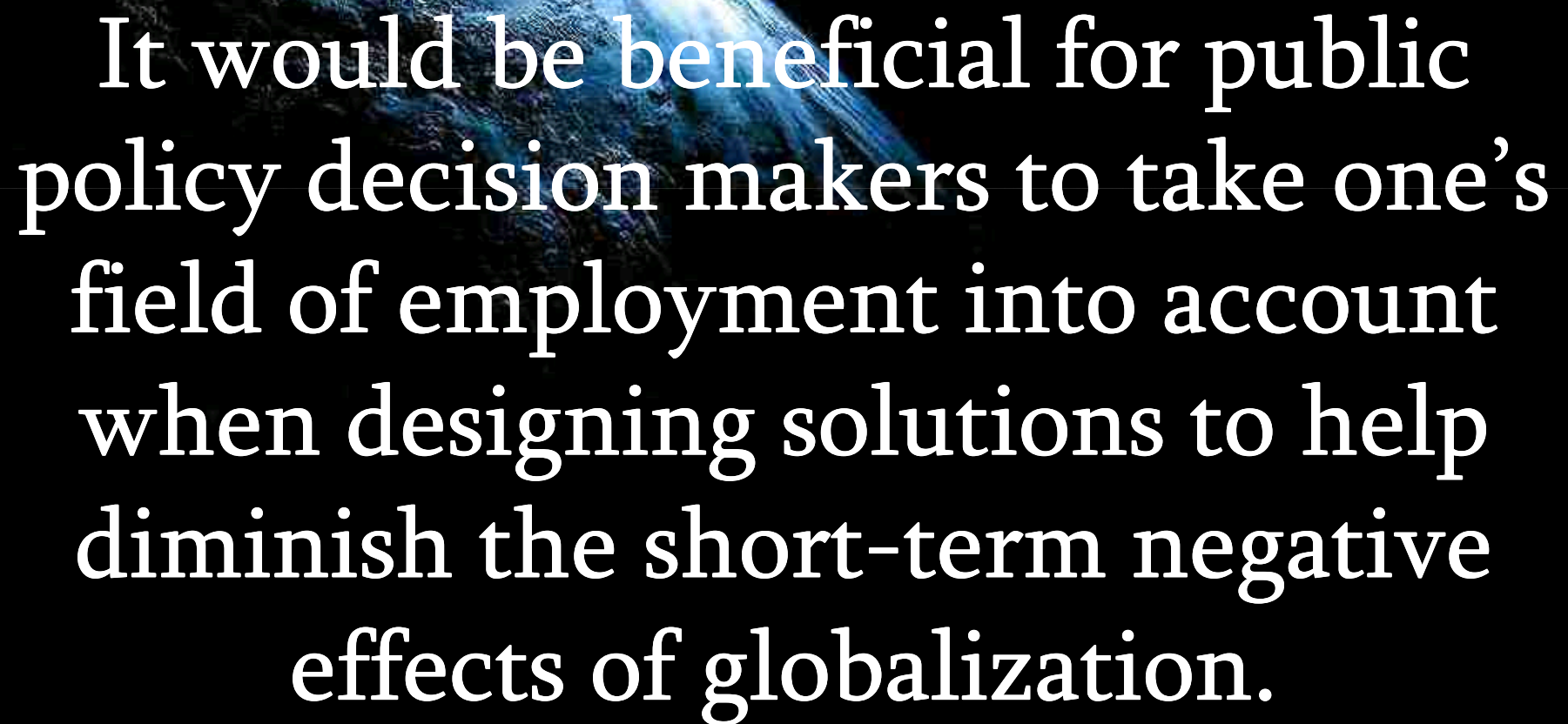
Do you believe globalization is good or bad for the United States?	Agriculture		Education		Finance		Manufacturing	
	Total	Percentage	Total	Percentage	Total	Percentage	Total	Percentage
Good	140	61%	110	44%	39	46%	35	40%
Bad	88	38%	19	8%	6	7%	40	45%
Neither good nor bad	1	0%	62	25%	13	15%	8	9%
Significance/Coefficient	-3.9550	-0.218	6.608	0.697	0.182	0.014	-5.7490	-0.377

Summary of Findings

What is the relationship between enthusiasm towards furtherance of globalization and field of employment?

- The globalization scare is not a myth.
- One's field of employment tends to have some influence how one perceives the notion of continued globalization.
- Field of employment impacts how Americans perceive the effects of globalization and the policy choices they propose to respond to increased international interdependence.





It would be beneficial for public policy decision makers to take one's field of employment into account when designing solutions to help diminish the short-term negative effects of globalization.



Questions

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