Immigration, poverty and redistribution: a randomised survey experiment

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1.   Introduction and Research Question

Immigration has been the major discussion topic in almost every election campaign taking place in Europe over the last few years.[1] In many cases, this has led to the establishment and/or rise of extremist and populist parties, many of which have become major actors in the political arena.

Many have argued that the loss in support suffered by traditional parties is in part due to the immigration topic not being central to their political agenda despite its importance for the electorate.[2] Those topics and policies constituting instead the core of traditional political debate, namely welfare policies and redistribution, fail moreover to trigger strong emotional responses in comparison to the immigration topic. Finally immigration *per se* is often said to erode support for redistributive policies among the native electorate (see e.g. Cappelen and Midtbo (2016), Eger (2009), Larsen (2011)).

This paper enters a nascent stream of literature investigating the link between immigration and support for redistributive policies. The existing literature advances conflicting hypotheses concerning the direction in which immigration should affect natives' demand for redistribution. On one hand, the *conflict hypothesis* posits that the increase in diversity and ethnic heterogeneity accompanying immigration tends to reduce social solidarity (Alesina and Glaeser (2004)) and hence lowers support for redistribution among all natives reluctant to financing public goods enjoyed by other social groups (Luttmer, 2001). On the other hand, the *protection hypothesis* posits instead that (predominantly low-skilled) immigration depresses the wages earned by and job security of natives working in high-immigration sectors. As a consequence, workers in high-immigration sectors and low income earners increase their demand for redistribution in response to migration inflows. Conversely, well-earning and high skilled individuals, net contributors to the welfare system, withdraw their support for redistribution in response to (low-skilled) immigration.

A growing body of literature in economics and sociology has focused on examining the link between immigration and demand for redistribution (see for instance Schmidt-Catran and Spies (2016), Auspurg et al. (2019)). An important sub-group of these studies are experimental survey studies, in which respondents are primed and/or informed about immigration in their native countries and then asked about their demand for redistribution (Alesina et al. (2018), Naumann and Stoetzer (2018)). A general finding in these studies is that on average immigration tends to indeed lower support for redistribution in the native population.[3]

An important characteristic of this survey-experimental literature is that it tends to mimic election campaigns and the associated media debates by inducing and exacerbating the (nowadays) typical

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[1] See for instance https://www.theguardian.com/commentisfree/2018/sep/10/immigration-europe-sweden-elections-brexit

[2] https://www.handelsblatt.com/today/opinion/rise-of-the-right-europes-left-turns-right-on-mmigration/23582516.html?ticket=ST-1172763-fs6FkKFu3aRWsnbTeDTJ-ap3

[3] Naumann and Stoetzer (2018) find that the effect is heterogeneous with respect to income and that the overall effect is mainly driven by the rich.

salience and centrality of the immigration discussion and studying its effects on self-reported support for redistributive policies. The evidence thus collected gives rise to the conclusion that a political debate focussed on immigration lowers support for parties typically campaigning for high or increasing redistribution and income support schemes. Despite its predominance, however, immigration is not the only topic discussed in political elections and referenda. To the best of our knowledge, no investigation has so far studied how the interplay of discussion topics on immigration and more traditional political agendas such as poverty and inequality in balanced information campaigns and political debates and how affects people's demand for redistribution. Our experimental survey design aims at investigating precisely this question.

In a nutshell, we attempt at completing a picture partially outlined by the previous literature by investigating the net effect of information on immigration and poverty on support for redistribution. Concretely, we randomise whether individuals receive information on the extent of immigration, the extent of poverty, or the extent of both (condition BOTH, henceforth). So far, our design constitutes a 2x2 information provision design. In order gain a better insight into how poverty and immigration interact in determining the outcome observed in condition BOTH, we design a further intervention which adds information about the extent to which the two social groups overlap (the poor and the immigrants) to the information presented in BOTH (condition OVERLAP, henceforth). The final design consists therefore of a 2x2+1 design.

Our main object of interest is the final effect of condition BOTH on demand for redistribution: In a political debate in which both immigration and poverty play a role, what happens to people's support for redistribution? Supposedly, the effect is a combination of the two effects of informing people about immigration or poverty only. For instance, assuming that conditions POOR and IMMIGRANT affect demand for redistribution in opposite directions, the net aggregate effect in condition BOTH will reflect which of the two issues weighs more in people's decisions, if no other uncontrolled-for effects intervene.

One such uncontrolled effect is the respondents' belief about the extent to which the two social groups examined overlap: Because respondents are presented with the simple size of the two groups, possible beliefs about their overlap can range from complete overlap (all the poor are also born abroad) to the two social groups being completely separated (not a single poor is also born abroad and vice versa). Condition OVERLAP is useful to fix the believed extent to which the groups overlap. Therefore, comparing the effect of condition BOTH to condition OVERLAP (and analyzing beliefs about the overlap elicited in condition BOTH) can help to uncover the underlying mechanisms driving people's reaction in condition BOTH.

Investigating response heterogeneity with respect to income and education level will help discriminate between the two hypotheses proposed and investigated in the literature.

Hypotheses

Conditions: 2x2+1 design

	No information about poverty	**Information about poverty**	
No information about immigration	**Condition NEUTRAL:** - Respondents are provided with no information	**Condition POOR:** - 13.7 million people are living in poverty in Germany	
Information about immigration	**Condition IMMIGRANT:** - 13.2 million people living in Germany are born abroad	**Condition BOTH:** - 13.7 million people are living in poverty in Germany - 13.2 million people living in Germany are born abroad	
			Condition OVERLAP: - 13.7 million people are living in poverty in Germany - 13.2 million people living in Germany are born abroad - 3.2 million people living in Germany are poor and born abroad
NOTE: Respondents in all conditions (including NEUTRAL) are reminded of the size of the current resident population in Germany			

Our interventions operate via two channels: First, simply by mentioning poverty and/or immigration, we (temporarily) increase salience/awareness of those issues and this might suffice to affect the way people think about redistribution later on, irrespective of the actual information (in terms of numbers) that is delivered via our intervention. Put simply, poverty and immigration matter for people's demand for redistribution, and by making those issues salient right before asking our questions of interest, we emphasize the effect that these issues have on people's support for redistribution (compared to the neutral condition).

Second, our interventions also deliver factual information about poverty resp. immigration. The effect of this information on people's demand for redistribution will depend on their prior beliefs about this number. In theory, awareness effect and factual information could have opposite effects.

In formulating our hypotheses, we take stock of previous results and assume that awareness/salience outweighs the information effect. Alesina et al. (2018) and Naumann and Stoetzer (2018) show in fact that awareness and not information (resp. correcting biased beliefs) matters in driving individuals' responses.

We are first and foremost interested in the effect of Condition BOTH on support for redistribution. The other Conditions are there to help explain the underlying mechanisms that lead to the overall effect of Condition BOTH:

Condition POOR and IMMIGRANT tell us what the effect of priming/informing people about each single issue is, and from these we can conclude which one weighs more when they are both presented at the same time (by comparing it to the overall effect of Condition POOR).

Condition OVERLAP then helps us to (further) examine the reasons resp. mechanisms underlying the effect we observe in Condition BOTH. Finally, Conditon NEUTRAL establishes a baseline level of stated demand for redistribution under no information intervention against which to compare the effects of information in the other Conditions.

Hypothesis 1:

H1a: Support for redistribution is higher in Condition POOR compared to Condition NEUTRAL
People care about own income and overall income inequality (or even just poverty, e.g. if they maximize a Rawlsian social welfare function). Reminding them or making them aware about poverty makes them desire more redistribution to ameliorate poverty (even if this implies that they would have to sacrifice a little bit of their own income in case they are net contributors to the welfare system).

H1b: Support for redistribution is the same in Condition POOR compared to Condition NEUTRAL for people with low income, while it is lower in Condition POOR compared to Condition NEUTRAL for people with high incomes.
Suppose people care mainly about own income. Reminding poor people about poverty then wouldn't have an effect: Irrespective of the overall extent of poverty, they demand redistribution, because they are net recipients of the welfare system. Note that this condition doesn't inform them about the extent of inequality, which would mean they would also get information about how much they could gain from redistribution from rich to poor. Just informing them about poverty without telling them "how rich the rich are" shouldn't change support for redistribution much if they only care about own income. Rich people on the other hand would desire less redistribution: The poverty condition makes them aware of the fact that they are net contributors to the welfare system.

Hypothesis 2:

H2a: Support for redistribution is lower in Condition IMMIGRANT compared to Condition NEUTRAL (conflict hypothesis)

Immigration is accompanied by an increase in diversity and ethnic heterogeneity, which tends to reduce solidarity (Alesina and Glaeser (2004)).

H2b: Support for redistribution is higher in Condition IMMIGRANT compared to Condition NEUTRAL for poor people or people in high immigration sectors and lower for rich people (protection/economic voting hypothesis)

Immigration makes poor people or people working in high-immigration sectors aware of the fact that they might be in greater need of the welfare state due to the downward pressure exerted by immigration on their jobs and wages, thus increasing their support for redistribution. Rich people

realize on the other hand that they will be net contributors to the welfare state due to (low-skilled) immigration, thus wanting less redistribution.

Hypothesis 3

H3: The overall effect of Condition BOTH on support for redistribution (compared to Condition NEUTRAL) will depend on the single effects of information on poverty and immigration (see above hypotheses), on which one of the two weighs more when both are presented jointly, and on what individuals believe about the extent of the overlap of the two groups.

Hypothesis 4

H4: The effect of Condition OVERLAP will go in the same direction as in Condition BOTH. The relative strength of the effect with that in BOTH will depend on how subjects generally update their beliefs about the intersection between the two groups.

2.   Sample and sample size

We survey 4000 individuals from a representative sample of the German adult population. Random assignment with equal probability to the 5 information groups yields a target sample size per group of 800 individuals. With such sample size, we are able to detect differences of size d=0.15 at alpha=0.05 with a power p>0.8 in pairwise information group comparisons of the means of summary indices of support for redistribution using Condition NEUTRAL as the baseline, scaled to unit standard deviations. These summary indices are constructed following Kling et al. (2007) and Alesina et al. (2018).

3.   Intervention

Definition: the **poverty line** is measured as 60% of the median income in Germany. This definition is transparently provided to the participants according to the intervention group they are assigned to.

All subjects in the intervention groups will receive information about either of the following:

i)   POOR: the number of individuals in Germany currently living below the poverty line (60% of median income),

ii)   IMMIGRANT: the number of individuals currently living in Germany who were born abroad,

iii)   BOTH: the number of individuals in Germany currently living below the poverty line, *and* the number of individuals living in Germany who were born abroad (we control for presentation order effects),

iv)   OVERLAP: the number of individuals in Germany currently living below the poverty line, *and* the number of individuals living in Germany who were born abroad, *and* the number of individuals to which both applies (we control for presentation order effects)

Control group: the control group will receive no information and will serve as a baseline against which to compare the effect of the information provided to the intervention groups. As in all the conditions mentioned above, respondents assigned to Condition NEUTRAL will be reminded of the current size of the resident population in Germany.

4.   Variables

Outcome variable

The outcome variable measures individuals' support for governmental redistribution, and will be related to the information received by the different intervention groups. The outcome measure takes the form of a synthetic index summarising the responses provided to each of the component items (described below). We exactly follow Alesina et al. (2018) in the choice of our index components and in the procedure followed to construct the index (based on Kling et al. (2007)). The summary index is defined as the unweighted average of the z-scores of each of the items, with sign oriented such that higher values measure greater demand for redistributive interventions. The z-scores are computed by subtracting the control group mean and dividing by the control group standard deviation. The items included are the following: tax rate on top 1% income earners, minus the tax rate on bottom 50% income earners, a set of dummies equalling one if the respondent supports public expenditure on education, public housing, income support for low earners, whether they believe inequality/poverty is a serious problem, their belief about whether the government should actively intervene to reduce inequality (0=not at all, 7=the government should do everything

in its power), the share of the budget they would allocate to health, education, safety net policies, pension and affordable housing.

Regressors and covariates

Our primary regressors of interest are dummy variables indicating to which information group the respondent is a member of. We include covariate measures of the respondent's gender, age, marital status, household size (disaggregated by number of adults and children), self-reported net monthly income, self-reported highest educational attainment, self-reported employment status, self-reported ethnic background, area of residence, preferred news outlet, position in the political spectrum, whether the respondent voted in the previous elections, (if yes) which party they voted for, hypothetical voting behaviour in "next-Sunday" elections. We moreover collect post-survey data on the respondents' beliefs about the number of individuals currently living in Germany belonging to each of the information categories forming the basis of our information interventions.

5.   Analyses

Our primary analyses focus on the impact of our information interventions on the index summarising the respondents' stated demand for redistribution. Our hypotheses are summarised in the Hypotheses section. We will use an OLS regression analysis clustering standard errors at geographical unit level. We will perform sensitivity analyses via the sequential addition of covariates in the statistical model, starting from a model including no covariates (hence looking at average effects in the information groups. The control group will be the excluded category.

We ex-ante expect heterogeneous effects, and will perform sensitivity analyses, along the following dimensions:

1. Stated income level
2. Stated education level
3. Job security
4. High immigration intensity employment sector
5. Political spectrum
6. Beliefs about immigration and poverty in Germany

We will conduct robustness analyses on the single components of the redistribution index.

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