

# Globalization and Support for Unemployment Spending in Asia : Do Asian Citizens Want to Embed Liberalism?

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## Abstract

Scholars of international political economy have long debated whether economic globalization increases citizen support for welfare policies to compensate for or insure against the economic risks posed by globalization. The vast majority of what we know about such issues, however, is gleaned from study of Western and industrialized polities; we know very little of such dynamics in Asia, the continent harboring much of the world's population and having experienced the most extensive development in economic globalization. The present paper tries to remedy this silence by focusing on public opinion in Asian countries to identify whether and under what conditions exposure to globalization generates support for welfare spending. We argue that globalization's effects are moderated by two conditions widely seen to distinguish Asian experiences from those in Western polities: 1) levels of economic development that influence who wins and loses from globalization and 2) existing social policy institutions that influence whether globalization's losers look to public as opposed to more private forms of compensation. We find support for our expectations using five rounds of the Asiabarometer survey covering 28 Asian countries.

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## Introduction

A major scholarly and popular-political debate in international and comparative political economy involves how and whether economic globalization affects the sustainability and generosity of welfare states. An important and well-studied view holds that globalization creates economic risks and losses for some groups, who in turn look to welfare state to provide insurance or compensation. This view is integral to “embedded liberalism” in Western industrialized polities facing the vagaries of international economic openness and seeking to use government-provided social policies to compensate for globalization’s risks (Ruggie 1983; Rodrik 1997). This compensation thesis has been developed in studies focusing on aggregate patterns of globalization and welfare-state effort, but also on the attitudes and public opinions towards the welfare state as a relevant intervening link connecting globalization to the welfare state. This view, of course, has been widely and extensively debated, with plenty of scholars finding conditions and settings where globalization appears not to spur public support for welfare state.

An important limit to existing scholarship on the compensation thesis is that the attention has focused on experiences of a limited sub-sample of political economies. The lion’s-share of scholarship has focused on the developed, Western world, with only a smattering of studies to focus on broader, mixed samples including non-Western polities. Most notably excluded from analysis have been the experiences in Asia, even though Asian economies have become central to the development of the global political economy, and in any event are home to the significant majority of the world’s population.

The lack of attention to Asian countries is problematic for the theoretical blind spots it accommodates. It presumes a particular kind of distributional consequences -of particular winners and losers from globalization- that may not extend to settings harboring variation in economic development, factor endowments and expected winners and losers. And it presumes a history of state capacity and reliance on government assistance that might not apply in settings where such capacity and reliance can take a back seat to firm-level private assistance to address economic risks. Attention to the Asian setting opens up much more variation that allows not only fuller attention to how globalization plays out for the world but also for better theoretical specification of how globalization alters the politics of welfare states in that world.

The present study provides such attention, by exploring how economic globalization alters public support for welfare states in a large cross-section of Asian countries. Our study examines, at the micro (individual) level, whether and under what conditions exposure to globalization spurs economic insecurities, and in turn, support for welfare spending. In particular, we focus on the possibility that effects of globalization are moderated by two conditions widely seen to distinguish Asian experiences from that in Western polities: 1) factor endowments of economies that are central to the distributional implications of economic openness; and 2) existing institutions governing protection against economic insecurity.

First, the distributional consequences of economic openness can be expected to vary by national and individual factor endowments. As long as production factors are somewhat mobile across sectors within a country, economic openness can be expected to increase the (relative) price of the abundant factor and thus benefit the owners of such a factor (Stolper and Samulson 1941; Rogowski 1989). In capital abundant Western countries, globalization is expected to hurt the economic interests of workers, and especially low-skilled workers, as their price competitiveness declines in the open market. Within Asia, however, such a pattern can be expected to apply to some Asian countries but not many others. In the industrializing Asian countries that are labor abundant, exposure to globalization is unlikely to threaten economic security of the mass of workers. The overall impact of globalization on workers' demand for social protection can be expected to be weak in these countries. Conversely, globalization may seriously threaten the economic security of workers, particularly the low skilled, in more affluent, capital-abundant Asian countries such as Japan, the Asian Tigers (e.g. South Korea, Taiwan, Singapore, Hong Kong), and possibly some rapidly industrializing upper-middle income countries. In these more economically developed countries, the nexus between globalization and welfare attitudes might well resemble that in the West. Hence, we expect the compensation logic to hold only or particularly among the less skilled citizens in the more affluent Asian countries.

Second, studies of the Western welfare states suggest that individuals' attitudes towards the welfare state reflect experiences with having lived in settings where state institutions provide and govern social protection to address risks (Larsen 2007; Jaeger 2006, 2009; Gingrich and Ansell 2012). Despite steep gains in GDP, the majority of Asian countries have not correspondingly strengthened their systems of social protection (Asian Development Bank 2013). Instead, some Asian economies, in particular those in East Asia, have developed institutionally private, company-level protections and

relied on assistance provided by family members (Goodman and Peng 1996; Jones 2003; Kwon 1997; Holliday 2000; Yang 2013). This relative immaturity of government protection and the concomitant development of alternative modes of protection should condition the compensation politics in the region. We expect that the tendency of those rendered insecure by globalization to seek government protection should be dampened to the extent that citizens live in settings with less developed public (and more developed private) protections and are accustomed to relying on non-governmental modes of protection.

We test these expectations using the individual level data from five rounds of the Asiabarometer survey conducted between 2003 and 2007 (Inoguchi 2007), covering up to 28 countries (yielding 51 country-year surveys).<sup>1</sup> This multi-country, multi-wave survey coverage is crucial to being able to explore how globalization plays out for individual risks and welfare state attitudes in ways that differ across Asian settings. Our data capture extensive cross-national as well as within-country variation in exposure to globalization, in factor endowments, in access to public and private protection, and most importantly, in support for welfare spending. The cross-national variation provides substantial leverage to explore how country-specific conditions might moderate the links between globalization and welfare support. The timespan covered by the surveys and our analysis (i.e., 2003-2007) represents a critical phase in the international economic integration of Asian economies.

Our empirical analysis lends support to our expectations. First, we find evidence for the moderating role of aggregate and individual factor endowments. In the aggregate, exposure to globalization is more strongly associated with perceived economic insecurities and with support for welfare spending in the higher-income Asian countries that are relatively capital-abundant. Among those individuals working within the higher-income Asian countries, we also find evidence for the moderating effect of individual endowments: globalization exposure is more strongly associated with subjective insecurity and support for welfare spending among low educated respondents. Second, we also find evidence consistent with the moderating role of existing institutions for (social) protection: all else equal, the individuals who identify social welfare as an accessible means of protection are more likely to increase their support for welfare spending when exposed to globalization than are individuals whose primary means of protection is family support and/or private insurance. We take these patterns as

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<sup>1</sup>Available at <http://www.asiabarometer.org/> (last access on March 18, 2017). The Asiabarometer data (Inoguchi 2007) used in the paper are distinct from the Asian Barometer data (<http://www.asianbarometer.org>) from the Center for East Asia Democratic Studies at National Taiwan University. While the latter covers more recent time periods, it still lacks information on attitudes towards the welfare state/social spending.

important micro-level evidence for the conditional relevance and reach of the compensation thesis to Asian political economies. The embedding of liberalism, our findings suggest, does take place in the Asian settings, but only under predictable conditions with respect to economic endowment and existing modes of social protection.

## **Globalization and Welfare State: The State of the Literature**

With rising concerns about the sustainability of welfare states, extensive scholarly attention has been paid to understanding a key aspect of welfare state politics: how economic globalization shapes citizen support for welfare assistance. One influential theoretical argument associated with the work of Karl Polanyi (1950) and popularized as part of post-War “embedded liberalism” (Ruggie 1982) focuses on the possibility that welfare states can serve as compensation for the economic downsides and risks of globalization. Often as a result called the “compensation thesis,” the idea is that the uncertainties and dislocations associated with extending free markets generate risks of job or income losses for working people that spark political demands for some kind of government compensation for such risks. Such micro-level shifts in citizen attitudes might aggregate into increased political pressure for social spending and more generous welfare provisions, countering any downward pressure that markets might exert through the preferences and actions of employers, investors and their representatives (Katzenstein 1985; Rodrik 1997, 1998; Garrett and Mitchell 2001).

The literature on globalization and the welfare state has empirically explored the thesis at different levels of analysis. At the national level, the focus is on how economic openness affects the fiscal capacity of government (Swank 1998), or more specifically, the size of welfare spending or generosity (Garrett & Mitchell 2001; Burgoon 2001; Iversen & Cusack 2000; Korpi & Palme 2003; Swank 2005; Brady et al. 2005; Busemeyer 2009). Others focus on the intermediate level of analysis by exploring how openness shapes political party platforms (Burgoon 2012) and legislative activities (Rickard 2015) on social policies.

Most relevant to our study is a strand of research that tests the individual level causal linkages of the compensation thesis: whether economic globalization poses economic insecurities among citizens, which in turn, beget political demands for more social protection by the government (Scheve & Slaughter 2004; Cusack et al. 2006; Hays et.al. 2005; Walter 2010; Margalit 2011). Mixed and

inconclusive empirical findings have led scholars to identify various underlying political-economic conditions of the compensation thesis. Plenty of entries find that the relationship between globalization and welfare state is much more nuanced than either the compensation logic or the race-to-the-bottom logic suggests (Mosley 2005). Some emphasize how the thesis only holds for particular kinds of economic globalization or particular aspects of welfare state (Burgoon 2001; Gay & Potter 2012); or in particular institutional settings that affect representation of vulnerable groups (Garrett 1995, 1999; Swank 2001; Ha 2008; Burgoon 2009; 2012; Hwang & Lee 2014). Others examine how the existence of alternative forms of addressing risk, such as through private insurance or state aids as opposed to welfare compensation, moderates the demand for compensation (Cao et al. 2007; Kim 2007; Rickard 2012).

An important limit to this extensive literature is that the focus has been overwhelmingly on the experiences of Western polities in the OECD setting. Indeed, Ruggie’s conception of “embedded liberalism” was part of a description of the post-War international economic order crafted by compromises in Western polities that were the principal architects of that economic order. Little surprise, hence, that the compensation thesis was first an issue for Western political economy. While there is now an extensive and growing literature explaining and classifying distinct institutional features of the Non-Western welfare states (Kwon 1997; Holliday 2000; Haggard and Kaufman 2008; Mares and Carnes, 2009; Hudson and Khner 2012), how these welfare states are responding to the contemporary dynamics of globalization has been less studied.

The relatively modest literature on globalization and the non-Western welfare states tends to focus on purely political factors. Levels of democracy and/or strength of labor are suggested as primary reasons to expect differences in how globalization affects the welfare state in developing countries compared to their OECD counterparts (Gough 2001; Avelino et al 2005; Adsera and Boix 2002; Rudra 2002; Rudra and Haggard 2005; López-Cariboni and Cao 2015; Nooruddin and Simmons 2009). Understudied are the economic-structural factors that might determine the distributional consequences of economic openness differently than in the Western context.

Furthermore, these existing studies’ empirical focus remains on the macro level association between aggregate globalization exposure (such as trade openness) and national social policy outputs. Largely bypassed in these studies are the attitudes of individual citizens, whose perceptions and preferences shape the political dynamics undergirding policy swings and ultimately determine the

political sustainability of a social policy. Do workers in Asian and other developing countries view themselves as losers of economic globalization? What are the profiles of those workers most likely to identify themselves as the losers? Do such workers necessarily see themselves as the beneficiaries of welfare state expansion?

The few exceptions that give attention to individual level preferences fall short of answering the above questions. For instance, Koster (2014) studies the effect of economic openness on attitudes towards the welfare state using the World Value Surveys covering 67 developing and developed countries. He finds that country level economic openness is not associated with a higher demand for social protection from the economically vulnerable groups. Rather, economic openness is, on average, associated with stronger preference for economic individualism. By applying the same criteria of vulnerability (based on indicators of gender, age, and education levels) across all sample countries, he does not consider the possibility that the profiles of citizens whose economic security are affected by globalization may systematically differ between countries. Carnes and Mares (2015) focus on the welfare state attitudes in Latin American and Caribbean countries, utilizing the 2010 AmericasBarometer survey, which interviewed nearly 40,000 respondents in twenty-four countries in Latin America. They argue and empirically show that job insecurity plays a decisive role in boosting demand for public pension and health protection. Such popular support, according to the authors, explains the recent expansionary trend in noncontributory social protection policies across many Latin American countries. Yet Carnes and Mares (2015), similarly to Koster (2014), do not systematically theorize about the economic and institutional conditions exposing the citizens in different Latin American countries to high job insecurity.

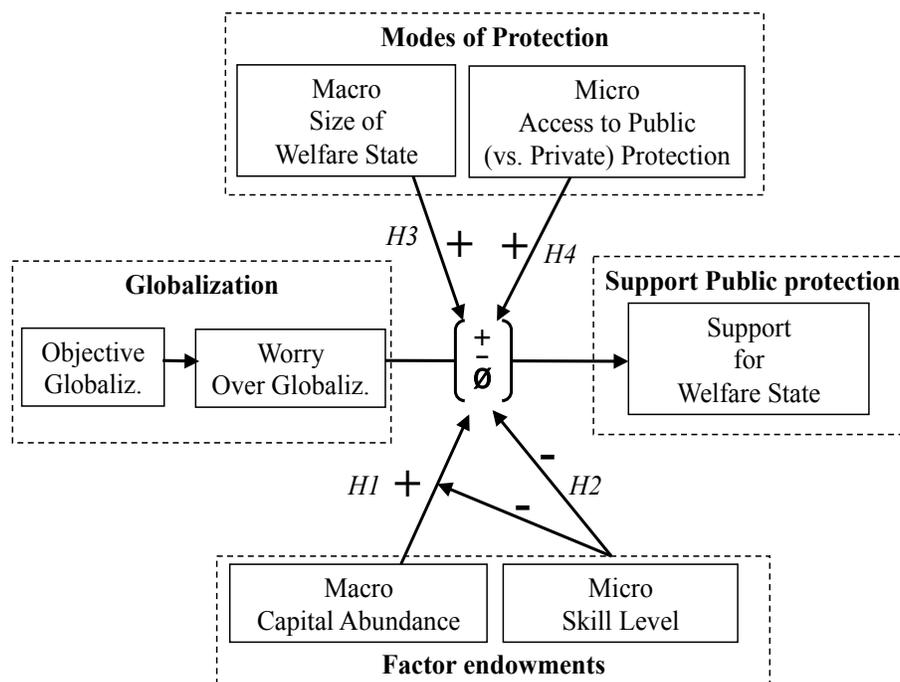
We seek to improve our understanding of globalization and non-Western welfare states by precisely filling the theoretical and empirical gaps we just identified. First, rather than focusing on purely political factors, we theorize how economic-structural factors as well as existing social protection institutions might systematically moderate the linkage between globalization and welfare state politics. We believe these factors are crucial in applying the compensation thesis in a broader context including much of the developed world. Second, refining the existing micro-level studies of non-Western welfare attitudes, we put to the test our theoretical expectations by analyzing a rich public opinion dataset covering 28 Asian countries. Such empirical analysis is in-and-of-itself an important extension of existing international political economy scholarship, as the Asian public opinion

has not (to our knowledge) been explored in any systematic detail. More importantly, our study should help clarify the boundary conditions and reach of dynamics associated with the compensation hypothesis and “embedded liberalism.”

## The Compensation Thesis in the Asian Context

This section refines the logic of the compensation thesis in the context of industrializing as well as industrialized countries. Our focus is on the micro level causal linkages of the thesis, as visualized in Figure 1. We are most interested in exploring how two distinct conditioning mechanisms moderate the linkage between globalization exposure and welfare state attitudes. The first set of conditioning mechanisms, indicated by H1 and H2 in the Figure, involves the role of factor endowment of countries within which citizens live and work, and of individuals themselves. The second set, indicated by H3 and H4, involves the mode of protection available to those citizens, involving both government social policies and their private alternatives. We present our theoretical expectations by taking each set of conditioning mechanisms in turn.

Figure 1: Globalization and Support for Welfare Spending



## Moderating role of Macro- and Micro-level Factor Endowment

First, extensive research suggests that factor endowment, a reflection of geography, institutions and economic development, affects who wins and who loses from exogenous economic openness. Economic openness tends to increase the (relative) price of the abundant factor of production and thus benefits the owners of such a factor (Stolper and Samuelson 1941; Rogowski 1989). Scholarship building on the distributional consequences of openness further suggests that factor endowment is an important predictor of who agitates for political changes in important policy areas such as trade and immigration (Alt et.al. 1996; Frieden and Rogowski 1996; Dutt and Mitra 2006; Hiscox 2002), but also government redistribution (Walter 2010). While scholars interested in the welfare state attitudes outside the West rightly emphasizes the role of economic insecurity or vulnerability (Koster 2014; Carnes and Mares 2015), they have not systematically considered how varying factor-profiles moderate the linkage from globalization to insecurity. Does openness have varying implications on different factor owners' economic insecurity and, in turn, on their support for welfare spending?

Answering this question requires theorizing the distributional implications of openness in the diverse Asian context. The Stolper-Samuelson-type expectations suggest that the implications should be varied more widely within the Asian region than within the Western setting. A significant number of Asian economies are poor, developing countries with labor-abundant and capital-poor factor endowments. Such countries have a comparative advantage in producing labor-intensive goods, where the mass of workers (i.e., those who own "labor" as a primary factor of production) would become less insecure in the face of liberalized trade, FDI, migration and portfolio investment. However, a substantial number of Asian countries like are industrialized economies (e.g. Japan, South Korea, or Singapore) or transitional economies (e.g. Malaysia and Kazakhstan) that are more capital-abundant and labor-poor in their factor endowment. In these higher-income settings, most workers exposed to globalization can be expected to feel more economically insecure and to demand government protection so as to redress such insecurity. If so, we should also observe the following:

*H1. The effect of globalization exposure on support for welfare spending should be stronger (weaker) among citizens in higher (lower) income Asian countries.*

At the individual level, furthermore, workers might face different levels of globalization-induced

insecurity depending on the relative abundance of the skill they possess. In higher income Asian countries, the implication should be similar to that in Western industrial economies. Low-skilled workers would feel particularly insecure as they face growing competition with the similarly-skilled, cheaper workforce in lower-income trading/investment partners. The demand for high skilled workers and their wages, on the other hand, is likely to increase as their country specializes in the production of goods that make intensive use of their labor that is, high-skill and high-technology intensive production. In lower income Asian countries, low-skilled workers own the abundant factor. With their country's integration in the global economy, these workers enjoy more opportunities to join the formal-sector workforce as wage earners. Despite their potentially horrific working conditions, such workers' earnings in the export-oriented industries (e.g., garment factories) tend to be higher relative to those in the informal sector/black market (e.g., as casual wage laborers or domestic servants) (Kabeer and Mahmud 2005).

To be sure, some scholarship has raised important questions about this reasoning. It has been suggested that many low-skilled workers in lower income countries are unable to reap the benefits of globalization because export-oriented industries paying higher wages tend to be geographically concentrated in urban areas while mobility of workers is limited. For instance, based on a study of Indian districts, Topalova (2007) argues that the lack of relocation of low skilled workers combined with a lack of inter-sectoral mobility led to an increase in poverty rate and poverty gap in the rural districts. The implication of openness for highskilled workers might also be less clear-cut in poorer countries. According to the Stolper-Samuelson-type expectation, highskilled workers in these countries should feel more insecure as their privileged position by virtue of their hitherto sheltered context is undermined by open competition. Yet some scholars suggest that the competitiveness of high-skilled workers in a lower income country actually increases in an open economy. They might enjoy better "skills matching" in an open economy than do lower-skilled workers (Kremer and Maskin 2003), boosting wages by working with even higher-skilled workers from advanced countries (e.g., as a mid-level supervisor in a foreign-owned manufacturing facility). Also, opening-up to trade may benefit high skilled workers in a lower income country where "the relative demand for tasks with high skill intensity" increases due to large differences in technological bias between trading countries, and particularly where the lower-income country is larger in size (Costinot and Vogel 2009). Overall, the aforementioned qualifications suggest that the Stolper-Samuelson expectations might be less strong

in low-income countries.

With respect to our diverse sample of Asian countries, we expect the factor-price equalization to be stronger in higher income Asian countries where the Stolper-Samuelson effects ought to be less sullied by the offsetting roles of skill-matching and technological bias in global production chains. We believe that even a full reading of how such factor-price equalization is complicated can support the following hypothesis about the moderating role of individual-level skill:

*H2. In higher income Asian countries, the effect of globalization exposure on support for welfare spending is stronger among lower skilled individuals than among higher skilled individuals.*

### **Moderating role of Access to Public versus Private Protection**

A second set of hypotheses concerns the conditions relevant to how a given individual perceiving globalization-induced insecurity looks to the welfare state to provide protection. Even those respondents facing the greatest employment and income risks of globalization—for instance, the least skilled workers in the high-income, capital-abundant Asian countries—can be expected to rely on a variety of possible provisions manifesting compensation. Protection against economic insecurity needs not take the form of government protection to the extent that respondents expect and are accustomed to relying on alternative measures to mitigate or compensate for risk. Put in other words, the compensation hypothesis and “embedded liberalism” need not obtain if at-risk individuals demand and hope for assistance other than government social protection.

This simple point implicates, in our view, the moderating role of both country-level conditions and intra-national conditions relevant to government protection and its private alternatives. Most generally, we expect citizens to look to welfare policies to provide compensatory answers to risks where their welfare states are meaningful and developed. As a general matter, we know from broader welfare state scholarship that individuals’ attitudes towards the welfare state tend to reflect their experience of having lived in one or the other kind of welfare regime, that is, a distinct set of complementary institutions governing industrial relations and social protection (Esping-Andersen 1990; Hall and Soskice 2001). This arguably explains why, despite common pressures from economic globalization, public support for welfare spending in the West exhibits a sustained between-country variation.

The variation is especially pronounced between socio-democratic welfare states in Scandinavia and liberal welfare states in the US and UK. Citizens of the former countries tend to exhibit more positive attitudes towards welfare state and social spending than citizens in the latter (Larsen 2007; Jaeger 2006, 2009; Svallfors 2011; but see Aarøe & Petersen 2014 and Gingrich & Ansell 2012).

We believe this basic insight travels outside the mature welfare states of Europe and North America. While many countries in Asia have not yet developed very extensive or advanced systems of social protection, there exists wide variation among the Asian Welfare States. Some countries provide levels of spending or of protection through public programs comparable to European polities, while many have very minimal, residual welfare assistance (Asian Development Bank 2013). We suspect that Asian citizens facing and perceiving globalization exposure can be expected to more readily look to public welfare spending to the extent that such public programs are already in place as a meaningful option to indemnify against the risks of globalization. Following similar logic, one can also expect that a polity's level of development and use of private alternatives to such public assistance, such as private insurance markets or firm-provided severance payments might diminish the tendency of globalization exposure to spur support for public welfare compensation. With respect to macro-, country-level public versus private protection, we thus hypothesize that:

*H3. The effect of globalization exposure on support for welfare spending should be stronger (weaker) among individuals in polities with more generous, established public (private) protection as an accessible means of protection.*

Access to social protection also varies widely among citizens within a country. Overall, we expect citizens in the developing world to have much more varied experience with and expectations about public social protection compared to those living in Western mature welfare states. Such varied experiences and expectations may shape (either by accentuating or weakening) the micro level linkage from globalization-induced insecurity to welfare attitudes. Asia is a particularly interesting region to explore this idea given the relative immaturity of social policy institutions, which have created a substantial room for alternative modes of protection. The newly industrialized economies in East Asia, for instance, have been classified in the comparative welfare state literature as the distinctive minimalist, productivist welfare states, where social protection has been largely subordinated to

economic growth (Holliday, 2000; Rudra, 2007; Haggard and Kaufman, 2008). Institutionalized social safety nets, if any, cover only a small segment of the productive workforce, often through direct provision or significant contribution by the firms (Pak 1999; Kim 2010; Yang 2013; Lim 2015). Some also focus on these countries' cultural similarities and refer to them as the Confucian welfare states based on shared tradition of family support (Goodman and Peng, 1996; Jones, 2003).

In their study of Latin American citizens, Carnes and Mares (2015) indeed point out that individuals form preferences about protection “in an environment characterized by a mix of public and private policy options”. Yet, their empirical analysis treats individual-level access to pension and healthcare coverage only as control variables and focuses on the average effect of economic insecurity. Also, data constraints prevented the authors from distinguishing the providers (private or public) of protection. We explicitly theorize how different mixes of private (firm and family support) and public (social welfare) modes of protection might moderate the linkage between globalization exposure and the support for welfare spending. We hypothesize that:

*H4. The effect of globalization exposure on support for welfare spending should be stronger (weaker) among individuals who regard public (private) protection as an accessible means of protection.*

## **Empirical Analysis**

### **Sample**

We empirically test the hypotheses derived in the previous section using the dataset combining five rounds of Asiabarometer surveys (Inoguchi 2007). The surveys were conducted between 2003 and 2007, and cover 28 countries, most with multiple survey waves (51 country-year surveys). See Appendix 1 for the dataset's country-year coverage. Our sample encompasses South, Northeast, Southeast, and Central Asian sub-regions, as can be seen in Figure 2 below. As summarized by the color-gradations in Figure 2, this sample of Asian countries encompasses substantial variation in levels of economic development ranging from very poor countries like Cambodia and Bangladesh, lower middle-income countries like India and Indonesia, upper-middle countries like China and Malaysia, and high income OECD countries like Japan and Singapore.



Monetary Fund 2000). Through the mid-2000s, intra-and inter-regional trade expanded substantially throughout Asia, led by China and India (the former joining the WTO in 2001). This continued until the Global Financial Crisis in 2008. Thus the period between 2003 and 2007 is the most appropriate to investigate in the Asian context whether increased exposure to globalization brings about compensatory demand for social protection among citizens.

## Variables and modeling strategy

As our ultimate dependent variable of interest, support for the welfare state, we focus on individuals' *Support for Unemployment Spending*. The relevant survey question is worded as follows: "Would you like to see more or less government spending in [Unemployment Benefits]? Please bear in mind that more spending may require a tax increase." The response is ordinal, ranging from 1-5: 1=spend much less; 2=spend less; 3=spend same as now; 4=spend more; 5=spend much more. While there is no perfect measure of welfare-state support, this particular variable is nuanced in possible answers; focused on support for government spending in the area of unemployment protection; and takes account of a budget limit (signaling that spending might necessitate a heavier tax burden). Such attributes furnish substantial leverage to test our hypotheses about the embedding of liberalism in Asia.

Our key independent variable of interest is globalization exposure. We employ two indicators to capture the concept: one is a national level, objective indicator of exposure and the other is an individual-level, subjective indicator of exposure. For the former, we use the KOF index (Dreher, 2006; Dreher et al. 2008) of economic globalization that provides a composite measure of actual flows (as share of GDP) and of policy openness to flows of cross-border trade, foreign direct investment and portfolio investment.<sup>2</sup> For the individual-level measure of exposure, we use individuals' binary response to the following question: "Does [Globalization] cause you great worry?" While the response is value-laden (i.e., implying a negative exposure), it is open about the source of negativity. A respondent might express concern due to cultural, political, ethical reasons as well as from her own economic insecurity.<sup>3</sup>

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<sup>2</sup>We rescale the KOF index, which ranges between 0 and 100, to range between 0 and 1.

<sup>3</sup>Data limits preclude finding an "objective" individual-level indicator of globalization exposure. The survey we use does not provide information on respondents' sector/industry affiliation or occupation. This also prevents us from testing the specific-factors expectation (or Ricardo-Viner theory) that capital and labor fixed in a particular sector (e.g., an import competing industry) share interests and political reactions to economic openness.

In light of our focus on micro-level linkages of the compensation logic, our primary interest is in how an individual's *Globalization Worry* relates to his or her welfare-state attitudes. Doing so requires us to establish the validity of the *Globalization Worry* indicator. First, to assure that *Globalization Worry* as an indicator sufficiently captures citizens' exposure to the *economic* dimension of globalization, we empirically examine and find that the national-level economic globalization indicator (KOF) is a significant predictor of *Globalization Worry*. Second, in the compensation thesis, the key mechanism that connects individuals' globalization exposure to support for welfare spending is economic insecurity. We thus expect and empirically find that *Globalization Worry* indicator is associated with an indicator of subjective economic insecurity, among the subsets of population that our theory views as the losers of globalization. The subjective economic insecurity indicator *Unemployment Worry* draws on binary responses to the question: "Does [Unemployment] cause you great worry?"<sup>4</sup>

With these findings as background, our core expectations are that *Globalization Worry* should lead to increased Support for Unemployment Spending under particular moderating conditions with respect to factor endowment and access to public (vs. private) protection. The conditioning factors with respect to factor endowment, relevant to Hypotheses 1 and 2, are two-fold: the factor endowment of the national economy and the skill level of individual workers, respectively. As indicators of national factor endowment, we focus on (logged) *GDP per capita* (in 2011 constant international dollars, World Bank) and (logged) *Capital Stock per Worker* (Penn World Table). At the individual level, we measure skill level as a factor of production by focusing on the survey's *Education Level* (1=Primary or below, 2=Secondary, 3=Tertiary).

To capture the possible conditioning role of public social-policy generosity as opposed to private protection, relevant to Hypotheses 3 and 4, we again focus on both national and micro-level measures. For the national level parameters relevant to H3, we focus on the generosity of public and private protections. For public protection generosity, we employ Asian Development Bank's Social Protection Index (SPI) as of year 2005.<sup>5</sup> SPI for a country is derived by dividing total expenditure on social protection (the sum of spending on social assistance, social insurance and labor market programs) by the total number of intended beneficiaries, and then normalizing the ratio using the country's

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<sup>4</sup>We do not make unidirectional claims that *Globalization Worry* leads to *Unemployment Worry*. The ideas that "cheap foreign workers might take my job away" (i.e. globalization feeding insecurity) and that "globalization might be to blame for my job insecurity" (i.e., economic insecurity leading to negative perceptions of globalization, sometimes wrongly through scapegoating) are compatible with the compensation logic.

poverty line (25% of its GDP per capita) as a normalization variable (Asian Development Bank 2011). We consider this the best available measure of actual public protection for our Asian sample, encompassing programs relevant to unemployment compensation and capturing ex ante protection as opposed to just spending. In our empirical sample, the measure exhibits wide variation in public welfare protection, as summarized in the first column of Table 1.

On the one hand, SPI varies considerably even among the region's most affluent countries: the latest available SPI varies from 0.416 (Japan in 2009) to 0.169 (Singapore in 2009) and 0.160 (South Korea in 2010). On the other hand, some lower-middle-income countries, such as Mongolia (0.240 in 2010) and Uzbekistan (0.305 in 2010), provide more public protection by this measure than do Singapore and South Korea. We expect that individuals in countries with more generous social protection to more likely perceive government protection as a viable means for protection against unemployment risks.

To capture private protection generosity, we focus on a measure of firm-based severance-pay assistance relevant to unemployment risks, developed by Holzmann et.al (2011). Given the lack of systematic measures of private insurance pools or assistance, this is the best available measure of a key mode of private-level protection for unemployment risks the focus of severance programs. The measure, Severance Pay Generosity (SPG), is based on standardized composite of a country's firm-based severance programs with respect to: legal base (whether the severance-pay program is mandatory or collective-agreement based); sector coverage; eligible contingencies (e.g. dismissal, old-age, end-of-service, bankruptcy, redundancy, etc.); defined benefits for redundancy (minimal tenure required, benefits at 9 months-20 years) (see Holzmann et.al. 2011, Annex2, pp.57-64). As can be seen in the second column of Table 1, the variation of SPG in our Asian sample is substantial, ranging from 0 (e.g. Japan and Bhutan) to 10.5 for Sri Lanka and does not appear to be a simple artifact of economic development.

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<sup>5</sup>As the time range of the Asiabarometer data is 2003-2007, we use the SPI data from 2005, the earliest available date. The next available year is either 2007 or 2008 (depending on countries). When the 2005 data are missing, we use information from 2007 or 2008. See Table 1 for details.

Our expectation following Hypothesis 3 is the opposite of that for public assistance (SPI). We expect a high level of SPG to diminish the extent to which globalization exposure spurs *Support for Unemployment Spending*. The country-level measures of SPI and SPG are indeed significantly negatively correlated (correlation coefficient of  $-.21$ ).

Table 1: Generosity of Government Social Protection and Private Severance Payment in Sample Countries

	Social Protection Index	Severance Pay Generosity Index
Japan	0.54	0.00
Mongolia	0.28	1.90
Korea	0.28	4.30
Uzbekistan	0.23	5.60
Kyrgyzstan	0.21	5.60
Kazakhstan	0.16	1.90
Malaysia	0.15	2.80
China	0.14	4.30
Sri Lanka	0.11	10.50
India	0.11	2.10
Singapore	0.11	0.00
Vietnam	0.10	4.30
Thailand	0.08	8.70
Philippines	0.06	4.30
Indonesia	0.06	8.50
Nepal	0.05	4.30
Bangladesh	0.05	5.00
Pakistan	0.05	4.30
Afghanistan	0.04	4.90
Maldives	0.04	0.00
Tajikistan	0.02	2.20
Laos	0.02	6.90
Bhutan	0.02	0.00
Cambodia	0.02	2.10
Brunei	NA	NA
Hong Kong	NA	0.30
Turkmenistan	NA	NA
Taiwan	NA	2.90

The Social Protection Index is as of 2005 except for Singapore (2007), Thailand (2008) and Afghanistan (2008). Severance Pay Generosity Index is from Holzmann et al.(2011)

To capture access to public versus private protection at the individual level, the Asiabarometer survey provides unique information on individual’s self-identified reliance on different means of economic protection. The relevant survey question first primes the respondents to think of a hypothetical situation of worsened economic security by asking what respondents would do if: “the main breadwinner of your household becomes unable to work.” Then respondents are given multiple choices including “would get social welfare payment” and “have an insurance policy to cover such a situation.” Other choices include relying on various family members such as other adults in the

family, relatives, and non-adult children. We create two mutually exclusive binary indicators that capture 1) Would Rely on Social Welfare (=1 for those who chose social welfare but not insurance, with or without family supports). 2) Would Have Insurance (=1 for those who chose insurance but not social welfare, with or without family supports).<sup>6</sup>

We also include a set of control variables. In all models, we control for respondents' *Age*, *Gender* (female=1), employment status (i.e., whether an individual is *Unemployed*), and *Perceived Living Standard*. In all models where *Support for Unemployment Spending* is the dependent variable, we additionally control for *General Spending Preference*, measured as the average responses by a respondent to all categories of government outlays except for unemployment spending.<sup>7</sup>

We estimate ordered probit models for our ordinal dependent variable *Support for Unemployment Spending* or logit models where our dependent variable is binary (e.g. *Globalization Worry* or *Unemployment Worry*). Given the multi-level character of our data (i.e. individual-country-year as level one and country as level two), we estimate country-varying intercepts in all models to control for unobserved country-specific factors (Steenbergen and Jones 2002). In full sample models including country-level variables, random country-varying intercepts are estimated along with year fixed effects. Split sample models without country-level variables include country fixed effects, given the smaller numbers of macro level units (as few as 5 countries in some models) (Stegmueller 2013).

Our empirical analysis is structured as follows. We begin by exploring how national level globalization exposure (*KOF*) relates to individuals' perceived globalization exposure (*Globalization Worry*). We then move on to test our hypothesis, starting with models that explore how national factor endowment structure conditions the linkage between individuals' *Globalization Worry* on Support for Unemployment Spending (H1). We then bring in individual factor endowment (*Education Level*) as a conditioning variable (H2). Lastly, we explore how the national-level public and private protection generosity (SPI and SPG) and individual-level reliance/accessibility of public benefits (Would Rely on Social Welfare=1) condition the extent to which *Globalization Worry* spurs *Support for Unemployment Spending* (H3 and H4).

To preview, we find supporting evidence for H1 that *Globalization Worry* spurs *Support for Unemployment Spending* in more affluent Asian countries. For the conditioning role of individual skill level, relevant to our H2, our findings are mixed. The association between *Globalization Worry*

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<sup>6</sup>In Appendix 2, we report country-level means for our key dependent, independent, and moderating variables.

<sup>7</sup>The Age variable from the survey, which ranges between 20 and 69, and is rescaled to range between 2 to 6.9.

and *Unemployment Worry* is indeed stronger among lower (higher) skilled workers in higher (lower) income countries. But skill profiles do not seem to condition the effect of *Globalization Worry* on *Support for Unemployment Spending*, except for in the region's most affluent countries (Japan and the four tiger economies). Our findings with regard to on the accessibility to public/private protection are also mixed. We do not find that more generous welfare states (i.e., higher SPI) enhance the degree to which *Globalization Worry* spurs *Support for Unemployment Spending*. But we do find that *Globalization Worry* tends to foster less *Support for Unemployment Spending* among those in countries with more generous severance pay system (i.e., higher SPG) (H3). We also find that *Globalization Worry* fosters greater *Support for Unemployment Spending* among those individuals who identify social welfare as their primary means of protection than those individuals who would rely on family support and/or private insurance (H4).

## Findings

Table 2 summarizes results from our preliminary models, which focus on the underpinnings of *Globalization Worry*, the Asia Barometer's only micro-level indicator of globalization exposure. Does this measure actually reflect material exposure to economic globalization? In Model 1, we see that individuals in more economically globalized Asian economies (higher KOF index) are indeed more likely to express *Globalization Worry* than those in less globalized economies. What precisely underlies this link remains unobserved, though we expect that material exposure to globalization elicits concern about economic security. Corroborating this view is the fact that adding *Unemployment Worry* visibly reduces (by more than 20 percent) the coefficient of KOF, indicating that a portion of the KOF effect was clearly through concerns about economic insecurity (results not shown but available upon request).

In Model 2, we see the positive link between KOF and *Globalization Worry* strongly moderated by country income. This comports with our expectation that citizens of higher-income countries where labor is a relatively scarce factor should tend to be more skeptical of distributional consequences of economic globalization than are citizens of lower-income countries (which is relevant for H1). Furthermore, Model 3 shows that, within the higher-income Asian countries, KOF spurs the greatest *Globalization Worry* among the low-skilled who face competition with cheap labor forces in lower-income countries.<sup>8</sup> The last two models, finally, show that the positive link between KOF and

*Globalization Worry* is not significantly altered or moderated by a respondent's reliance on public or private protection (or insurance). The overall results offer reasons to justify our use of *Globalization Worry* as a proxy for micro-level economic globalization exposure.

Table 2: Does Economic Globalization shape Individuals' Globalization Worry?

	Full Sample		Higher Income	Full Sample	
	(1)	(2)	(3)	(4)	(5)
Age	0.015 (0.018)	0.015 (0.018)	-0.050* (0.029)	0.014 (0.019)	0.014 (0.019)
Gender	-0.153*** (0.041)	-0.153*** (0.041)	-0.144** (0.065)	-0.150*** (0.044)	-0.150*** (0.044)
Education	0.196*** (0.029)	0.200*** (0.029)	0.532*** (0.178)	0.204*** (0.031)	0.205*** (0.031)
Unemployed	0.078 (0.077)	0.075 (0.077)	0.169 (0.138)	0.128 (0.081)	0.128 (0.081)
(Perceived) Living Standard	0.119*** (0.029)	0.118*** (0.029)	0.011 (0.050)	0.116*** (0.031)	0.117*** (0.031)
-----					
(In case of unemployment, I would)					
Rely on Welfare				0.202*** (0.066)	-0.050 (0.252)
Have an Insurance				0.262*** (0.076)	0.316 (0.252)
-----					
KOF:Econ Globalization	6.187*** (1.481)	-19.280*** (6.359)	4.221*** (0.596)	5.792*** (1.658)	5.745*** (1.552)
GDP per capita	-0.518** (0.257)	-2.181*** (0.488)	-0.171*** (0.055)	-0.423 (0.274)	-0.426* (0.253)
-----					
KOF X GDP per capita		2.916*** (0.742)			
KOF X Education			-0.573** (0.248)		
KOF X Rely on Welfare					0.413 (0.401)
KOF X Have an Insurance					-0.083 (0.405)
-----					
Constant	-1.836 (2.045)	12.251*** (3.944)	-3.848*** (0.551)	-2.520 (2.157)	-2.474 (2.007)
N	36,159 (22)	36,159 (22)	17,671 (8)	31,677 (22)	31,677 (22)
Log Likelihood	-9,073.447	-9,068.986	-3,799.561	-7,867.643	-7,867.030

\*p < .1; \*\*p < .05; \*\*\*p < .01

Notes: Hong Kong, Laos, Maldives, Turkmenistan, Taiwan, and Uzbekistan are removed due to missing macro level indicators (KOF). Higher income group includes: Brunei, China, Japan, Korea, Kazakhstan, Malaysia, Singapore, and Thailand.

Country-varying intercepts (all models) and year dummies (full sample models) are included but not reported to save space.

<sup>8</sup>In this and the split-sample analyses, we use World Bank's income group classification (2016) and cluster the upper-middle and high-income countries together into the higher income group. Here, countries like China and Thailand fall in the higher-income group. The choice makes it more difficult, not easier, to support our micro-level expectations for capital-abundant economies. Indeed, we find stronger support for our expectation when we only include Japan and the four tiger economies in the higher income group (see Model 17).

Based on the patterns suggesting *Globalization Worry* to be a valid individual-level indicator for exposure to economic globalization, the rest of analysis explores whether and when *Globalization Worry* has implications for *Support for Unemployment Spending*. Models in Table 3 test H1, which posits that the linkage is conditional upon macro (country-year) level factor endowment.

Table 3: Does National Factor Endowment Shape Support for Unemployment Spending?

	DV: Unemployment Worry			H1  DV: Support for Unemployment Spending		
	Binary			Ordinal (1:Much less-5:Much More)		
	(6)	(7)	(8)	(9)	(10)	(11)
Worry:Globalization	0.566*** (0.044)	-0.547 (0.355)	-0.275 (0.406)	0.026 (0.021)	-0.360** (0.166)	-0.491*** (0.185)
Age	-0.067*** (0.009)	-0.067*** (0.009)	-0.069*** (0.009)	-0.011** (0.005)	-0.011** (0.005)	-0.013*** (0.005)
Gender	0.012 (0.021)	0.012 (0.021)	0.016 (0.021)	-0.012 (0.011)	-0.012 (0.011)	-0.008 (0.011)
Education	-0.045*** (0.015)	-0.046*** (0.015)	-0.046*** (0.016)	-0.054*** (0.008)	-0.054*** (0.008)	-0.055*** (0.008)
Unemployed	0.063 (0.041)	0.063 (0.041)	0.071* (0.042)	0.038* (0.021)	0.038* (0.021)	0.043** (0.021)
(Perceived) Living Standard	-0.159*** (0.015)	-0.158*** (0.015)	-0.160*** (0.016)	-0.073*** (0.008)	-0.073*** (0.008)	-0.074*** (0.008)
(non-Welfare) Spending Preference				0.772*** (0.010)	0.772*** (0.010)	0.775*** (0.010)
GDP per capita	-0.172 (0.136)	-0.177 (0.122)		-0.491** (0.197)	-0.488*** (0.163)	
Capital per Worker			-0.260** (0.118)			-0.250*** (0.086)
Globalization Worry*GDP per capita		0.124*** (0.039)			0.044** (0.019)	
Globalization Worry*Capital per Worker			0.081** (0.038)			0.049*** (0.017)
Constant	2.913** (1.210)	2.959*** (1.077)	4.167*** (1.254)			
N	43,094 (28)	43,094 (28)	42,233 (27)	40,407 (28)	40,407 (28)	39,562 (27)
Log Likelihood	-26,820.450	-26,815.510	-26,211.000	-50,103.730	-50,100.970	-49,096.180

\*p < .1; \*\*p < .05; \*\*\*p < .01

Notes: Afghanistan is excluded in models 8 and 11 due to missing a macro level indicator (Capital per Worker). Estimates for thresholds (for ordinal models), country-varying intercepts, and year dummies are not included in the table to save space.

We begin by testing the association between *Globalization Worry* and *Unemployment Worry*, reported as Models 6-8. Model 6 is our baseline model ignoring the conditioning factors. We then introduce an interaction term of *Globalization Worry* and GDP per capita in Model 7. In Model 8, we employ Capital per Worker to capture the capital abundance. To the extent that they work in wealthier countries where labor is expected to be the scarce factor, respondents expressing

*Globalization Worry* should be more likely to also express *Unemployment Worry*.<sup>9</sup> The positive and significant interaction term in both models suggests that *Globalization Worry* more strongly spurs Unemployment Worry in higher income, capital abundant countries.

Models 9-11 explicitly test H1, with *Support for Unemployment Spending* as the dependent variable. In our baseline Model 9 without any interaction term, *Globalization Worry* is not statistically significant suggesting that the embedding of liberalization does not appear to take place on average in Asian political economies. Our expectation, however, is that we should see such embedding in higher- than in lower-income economies. Models 10 and 11 include interaction between *Globalization Worry* and indicators of national factor endowment: GDP per capita in Model 10 and with Capital per Worker in Model 11. In both models, we find the interaction term coefficient to be highly significant and positive, consistent with H1. As can be seen even by the signs and significance of the parameters in these models, *Globalization Worry* is more positively associated with *Support for Unemployment Spending* in higher income, capital abundant Asian countries, where citizens perceive a clearer connection between globalization and economic insecurity.

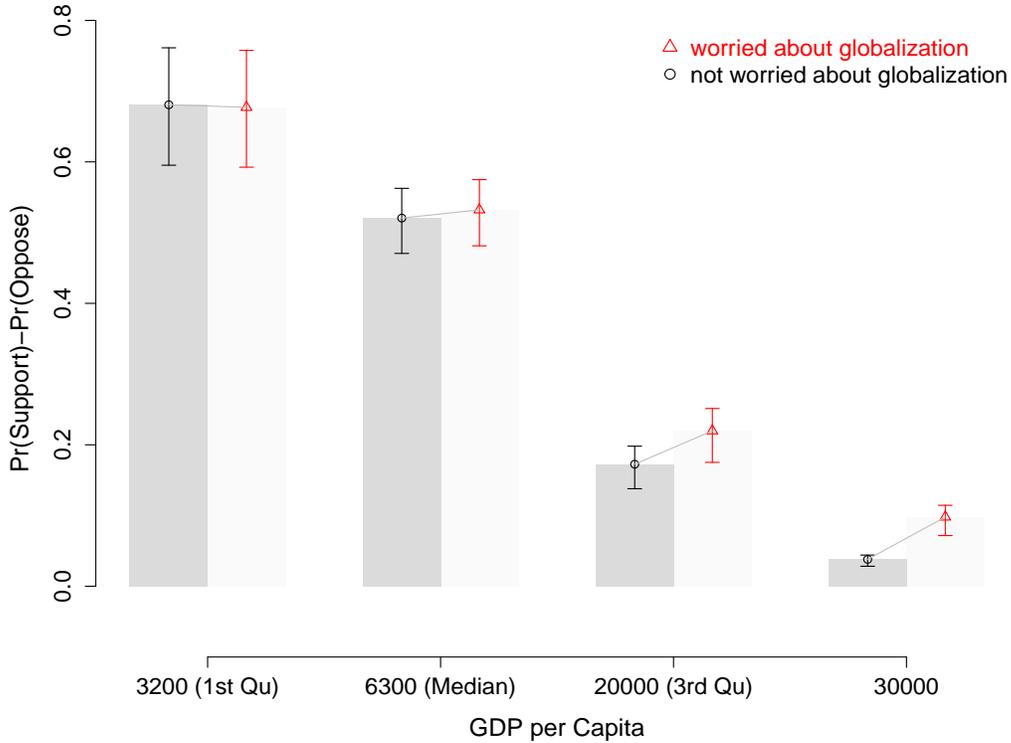
Whether this means that we see substantial embedding of liberalism in higher-income Asian countries can only be divined by supplemental analysis of this interaction. Figure 3 provides such analysis. It plots the predicted probability that a respondent supports “much more spending” or “more spending,” minus the predicted probability that he or she supports “much less spending” or “less spending” (recalling that respondents can also answer “same spending as now”). This measure of “net” support provides a snapshot of a respondent’s positioning on the 5-point ordinal measure. In simulating the “net” *Support for Unemployment Spending*, we hold all other control variables at their sample medians and vary *Globalization Worry* (not worried in dark gray; and worried in light gray) and GDP per capita (along the x-axis).<sup>10</sup> The black and red solid lines indicate the 90% confidence intervals. The difference in the heights of dark and light gray bars capture the effect of *Globalization Worry*. The difference increases as one moves from lower-income countries to upper income countries in our Asian sample. In other words, *Globalization Worry* has a more substantive positive impact on “net” *Support for Unemployment Spending* in higher-income countries.

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<sup>9</sup>In Appendix 3, we also report results from the causal mediation analysis (Tingley et al. 2014) employing Unemployment Worry as a mediating variable.

<sup>10</sup>County random effect is set at the mean, which is zero. Year is set at the median, which is 2005.

Figure 3: Effect of Globalization Worry and Country Income on Net Support for Unemployment Spending (Model 10)



In Table 4, we explore how individual-level factor endowment (proxied by *Education Level*) conditions the linkage from *Globalization Worry* to *Support for Unemployment Spending*. More specifically, we posit that in higher-income countries, being highly educated would mitigate *Globalization Worry*'s linkage with economic insecurity and with support for the welfare state (H2). To test this hypothesis, we interact *Education Level* with *Globalization Worry*. As we propose distinct interaction effects by the level of national income, we split our sample based on the World Bank's country income group classifications (low and lower middle-income countries vs. upper middle and high-income countries).

The first two columns (Models 12 and 13) examine the conditioning effect of *Education Level* on *Unemployment Worry*. In lower income countries sample, the interaction term coefficient is positive; being highly educated accentuate the association between *Globalization Worry* and *Unemployment Worry*. In higher income countries sample, the interaction term coefficient is negative; *Education Level* mitigates the association between *Globalization Worry* and *Unemployment Worry* (i.e., negative interaction term coefficient). The patterns are in line with the factorial theories relevant to H2.

Table 4: Does Individual Skill Level shape Support for Unemployment Spending?

	H2					
	DV: Unemployment Worry		DV: Support for Unemployment Spending			
	Binary (1:Great Worry)		Ordinal (1:Much less-5:Much More)			
	Lower Income	Higher Income	Lower Income	Higher Income	Higher Income	High Income only
(12)	(13)	(14)	(15)	(16)	(17)	
Globalization Worry	0.223 (0.147)	0.944*** (0.181)	0.003 (0.067)	0.161* (0.091)	0.160* (0.096)	0.379*** (0.141)
Education	-0.029 (0.021)	-0.066*** (0.022)	-0.052*** (0.012)	-0.060*** (0.012)	-0.066*** (0.013)	-0.158*** (0.019)
Globalization Worry*Education	0.121* (0.071)	-0.142* (0.082)	-0.002 (0.032)	-0.044 (0.042)	-0.041 (0.044)	-0.102 (0.062)
Unemployed	0.041 (0.049)	0.097 (0.065)	-0.0001 (0.026)	0.093*** (0.035)	0.118*** (0.037)	0.102* (0.059)
Age	-0.060*** (0.012)	-0.104*** (0.013)	-0.012* (0.007)	-0.015** (0.007)	-0.017** (0.007)	-0.035*** (0.011)
Gender	0.011 (0.028)	-0.009 (0.029)	-0.045*** (0.015)	0.032** (0.016)	0.038** (0.016)	0.041* (0.024)
(Perceived) Living Standard	-0.128*** (0.019)	-0.203*** (0.023)	-0.070*** (0.011)	-0.079*** (0.012)	-0.071*** (0.013)	-0.101*** (0.019)
General Spending Preferences			0.655*** (0.014)	0.949*** (0.016)	0.933*** (0.017)	0.872*** (0.025)
Trust toward Government					-0.042*** (0.011)	-0.048*** (0.016)
Constant	1.287*** (0.098)	0.985*** (0.114)				
N	25,247 (17)	20,445(11)	20,507 (17)	19,900 (11)	17,676 (10)	8535 (5)
Log Likelihood	-15,114.050	-13,518.490	-26693.19	-22800.86	-20483.89	-10040.86

\*p < .1; \*\*p < .05; \*\*\*p < .01

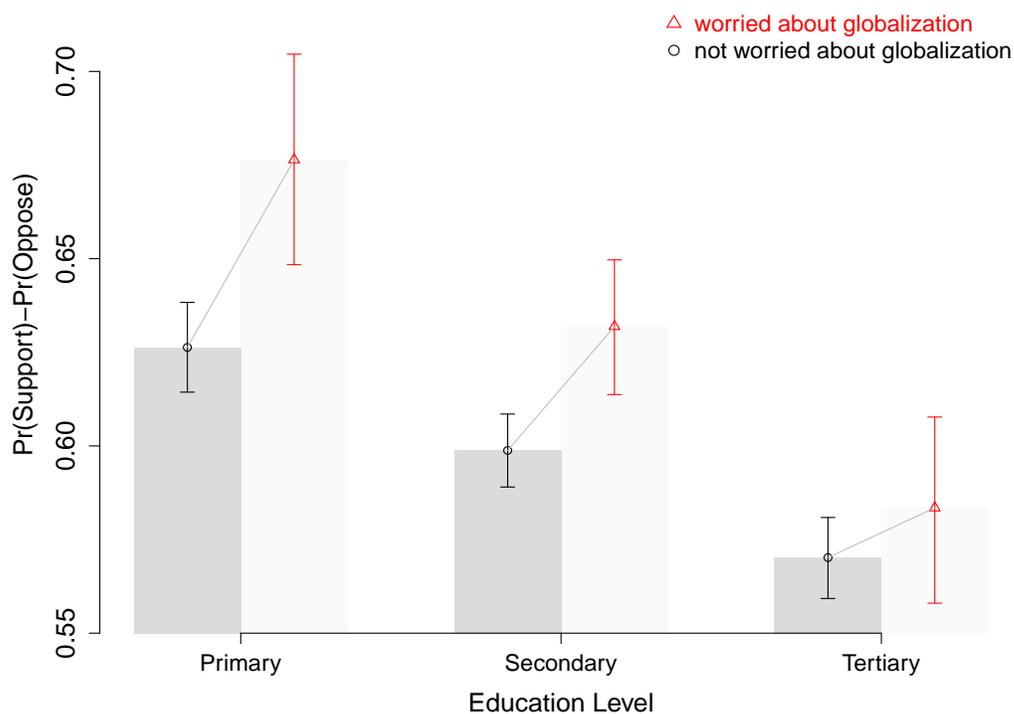
Notes: Lower income group includes: Afghanistan, Bangladesh, Bhutan, Indonesia, India, Kyrgyzstan, Cambodia, Sri Lanka, Laos, Mongolia, Nepal, Philippines, Pakistan, Tajikistan, Turkmenistan, Uzbekistan, Vietnam; Higher income group includes: Brunei, China, Hong Kong, Japan, Korea, Kazakhstan, Malaysia, Maldives, Singapore, Taiwan, and Thailand; Brunei is removed in Models 16 due to missing data; Model 17 includes Japan, Korea, Singapore, Taiwan, and Hong Kong; Estimates for thresholds (for ordinal models) and country-varying intercepts are not included in the table to save space.

We then move on to the direct test of H2 in Models 14-15. Our finding is mixed. Focusing on signs and significance of the coefficients, the patterns are weakly in line with expectation: In high-income countries sample, we see that *Globalization Worry* positively and significantly spurs *Support for Unemployment Spending*, conditional upon *Education Level* being low. The negative sign of the interaction term suggests that the effect of *Globalization Worry* would become less positive as *Education Level* rises. The interaction term, however, is not statistically significant at conventional levels. Counterfactual analysis of the conditional relationship is necessary to make better sense of

what this says for H2. Hence, Figure 4 visualizes the interaction effect estimated in Model 15.

The “net” *Support for Unemployment Spending* (the y-axis) is plotted across the individual-level skill endowment (the x-axis). Across all skill levels, those expressing *Globalization Worry* (light gray bars) are more likely to support unemployment spending than those without such worry (dark gray bars). However, the largest difference between expressing worry or not is observed among the low (primary) educated. For the highly (tertiary) educated, the 90% confidence intervals completely overlap, capturing how *Globalization Worry*'s effect is statistically insignificant in this group.

Figure 4: Effect of Globalization Worry and Individual Skill Level on Net Support for Unemployment Spending in Higher-income Countries (Model 15)



The support for H2 is corroborated in alternative specifications. In Appendix 4, we report the results from a three-way-interaction (*Globalization Worry X GDP per Capita X Education Level*) and visualize the effect while setting all other variables at the median. The results are consistent with the split sample analysis reported in Models 14 and 15.

Our findings with regard to H2 (i.e., weak support with respect to higher income countries) do not change when we introduce an additional variable, *Trust toward Government*, to control for a potentially compounding mechanism (Model 16). Arguably, the less educated are more dissatisfied with government policies, and so are less likely to believe that more unemployment spending would help them. If so, our hypothesized effect (as in H2) might show up more neatly when *Distrust toward Government* is controlled for. We do not see much change in the coefficient estimates of the theoretically relevant variables. *Trust toward Government* is negatively associated with *Support for Unemployment Spending*.

In Model 17, we remove the upper-middle-income countries and only include the five most affluent countries in the region: Japan, South Korea, Taiwan, Singapore, and Hong Kong. The intuition is that the relative abundance of different skill types is less clear-cut in the upper-middle-income countries. The coefficient estimate of *Globalization Worry* (0.379) is more than twice the size of that in Model 15 (0.161), suggesting that the linkage between globalization exposure and welfare support is most salient among the less educated in this set of richest Asian countries. This is further support for H1 and H2.

In Table 5, we explore our second set of conditioning mechanisms: the generosity of country-level public versus private protection (H3) and the individual-level access to public versus private assistance (H4). We suggest that whether citizens worried about economic globalization look to the government depends on whether they perceive social protection as viable and accessible means to redress their insecurity. The positive effect of *Globalization Worry* on *Support for Unemployment Spending* should be stronger in more generous welfare states or under less generous private severance pay systems (H3), and within a country, stronger among those who identify social welfare (as opposed to family support or private insurance) as a protection-mode accessible for them (H4).

Table 5: Does Existing Modes of Protection shape Support for Unemployment Spending?

Countries	H3				H4		
	DV: Support for Unemployment Spending						
	All	Higher Income	All	Higher Income	All	Higher Income	Higher Low Edu
	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Globalization Worry	0.008 (0.032)	0.135** (0.062)	0.102*** (0.037)	0.142*** (0.049)	-0.016 (0.026)	0.031 (0.044)	-0.002 (0.081)
Social Protection Index (SPI)	3.600** (1.572)	-0.983** (0.435)			3.458* (2.012)		
Severance Pay Generosity (SPG)			-0.082 (0.054)	-0.001 (0.029)			
Globalization Worry*SPI	0.200 (0.208)	-0.255 (0.283)					
Globalization Worry*SPG			-0.020** (0.008)	-0.025* (0.013)			
(In case of unemployment, I would)							
Rely on Welfare					0.076*** (0.018)	0.085*** (0.022)	0.159*** (0.038)
Have an Insurance					-0.025 (0.023)	-0.057* (0.031)	-0.115* (0.062)
Globalization Worry*Rely on Welfare					0.243*** (0.067)	0.191** (0.088)	0.596*** (0.164)
Globalization Worry*Have an Insurance					0.082 (0.077)	0.050 (0.112)	0.100 (0.235)
Unemployed	0.040* (0.022)	0.109*** (0.038)	0.045** (0.021)	0.113*** (0.036)	0.036 (0.023)	0.095*** (0.037)	0.122** (0.058)
Age	-0.013*** (0.005)	-0.019*** (0.007)	-0.012** (0.005)	-0.017** (0.007)	-0.010* (0.005)	-0.012 (0.008)	-0.002 (0.013)
Gender	-0.009 (0.011)	0.044*** (0.017)	-0.011 (0.011)	0.036** (0.016)	-0.017 (0.012)	0.023 (0.017)	0.005 (0.030)
Education	-0.051*** (0.008)	-0.054*** (0.012)	-0.055*** (0.008)	-0.064*** (0.012)	-0.041*** (0.009)	-0.041*** (0.013)	
(Perceived) Living Standard	-0.069*** (0.008)	-0.068*** (0.013)	-0.071*** (0.008)	-0.074*** (0.013)	-0.068*** (0.009)	-0.075*** (0.014)	-0.069*** (0.023)
General Spending Preference	0.755*** (0.011)	0.931*** (0.017)	0.761*** (0.010)	0.929*** (0.016)	0.751*** (0.011)	0.963*** (0.017)	0.956*** (0.030)
GDP per capita	-0.919*** (0.203)		-0.672*** (0.141)		-0.902*** (0.238)		
N	37,592	17,126	39,573	19,107	33,163	16,486	5,569
Log Likelihood	-46,806.240	-19,674.790	-49,241.720	-22,031.890	-41,235.970	-18784.06	-6346.748

\*p < .1; \*\*p < .05; \*\*\*p < .01

Notes: Brunei, Hong Kong, Turkmenistan, and Taiwan are removed in Models 18 and 19 due to missing Social Protection Index. Brunei and Turkmenistan are removed from Models 20 and 21 due to missing Severance Pay Generosity Index. Estimates for thresholds, country-varying intercepts, and year dummies (in full sample models) are not included in the table to save space.

Model 18 focuses on the conditioning effect of the Social Protection Index (SPI). Although the lower order term SPI is statistically significant and positive, the interaction term is not. The *Globalization Worry* variable is not significant. This suggests that while citizens in countries with stronger social protection are generally more supportive of unemployment spending, stronger social protection does not accentuate the compensation logic. Arguably, the lack of interaction effect in Model 18 might be attributed to our use of the full sample, which includes all lower income countries where *Globalization Worry* does not spur much economic insecurity to begin with. In Model 19, we confine our sample to the higher income countries. The interaction term, however, is still insignificant. In this sample, the lower order SPI term estimate is statistically significant but negative.<sup>11</sup> The coefficient estimate of the lower order *Globalization Worry* is significant and positive. The tenor of these results is that the generosity of public protection tends not to enhance the positive link between *Globalization Worry* and Support Unemployment Spending.<sup>12</sup>

In Models 20 and 21 we focus on the conditioning effect of private protection generosity captured by the Severance Pay Generosity (SPG). Our expectation (H3) is that such private protection can function as (an imperfect) substitute for public provisions. Should SPG be generous, it can obviate the need for public unemployment spending by government, and should thereby diminish the extent to which *Globalization Worry* spurs *Support for Unemployment Spending*. The results are broadly in line with this expectation, where *Globalization Worry* significantly spurs *Support for Unemployment Spending* among respondents living in settings with very modest Severance Pay Generosity, but has a significantly less positive effect in settings with more developed SPG.

Last but not least, Models 22-24 explore the conditioning role of individual level accessibility to different modes of protection. To this end, we introduce two mutually exclusive binary indicators: 1) *Would Rely on Social Welfare* (=1 for citizens who chose social welfare but not insurance) and 2) *Would Have insurance* (=1 for citizens who chose insurance but not social welfare). When both variables are set at 0, the remaining population's preferences are captured. As summarized in Table

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<sup>11</sup>Note that we refrained from including multiple macro level variables in this model due to the small number of macro-level units (i.e., higher income countries). The negative SPI coefficient here could be picking up the effect of GDP per capita.

<sup>12</sup>In supplemental analysis (available upon request), we examine whether SPI accentuates economically- insecure citizens' support for unemployment spending, whether or not the economic insecurity results from globalization. We replace *Globalization Worry* with the *Unemployment Worry* indicator. Both the coefficient for the *Unemployment Worry* variable and the interaction term of *Unemployment Worry* and SPI are positive and significant. The lower-order SPI variable is insignificant. The finding suggests that the link between economic insecurity and welfare-policy support is stronger where governments provide more generous social protection.

6, a vast majority of this remaining population relies only on family support, while a small segment of the population has access to both private insurance and public social welfare. We exclude the latter category from the analysis so that the baseline category (i.e., when both *Would Rely on Social Welfare* and *Would Have Insurance* are set at 0) captures the preferences of those who *Would rely only on Family Support*. As the proportion of citizens with access to both insurance and social welfare is small, and the coefficient estimates relevant for testing our hypothesis do not vary substantially by adding or excluding them.

Table 6: Access to Diffrent Modes of Protection (% of Sample Population)

Mode of Protection	Lower Income Countries	Higher Income Countries
Included as Binary Indicators		
Would rely on Welfare, not on Insurance (with or without family support)	10.16	17.65
Would have an Insurance, not Welfare (with or without family support)	12.65	22.54
Remaining Categories		
Only Family Support	70.08	42.64
Both Welfare and Insurance (and family support)*	6.05	14.68
Both Welfare and Insurance (without family support)*	1.05	2.48

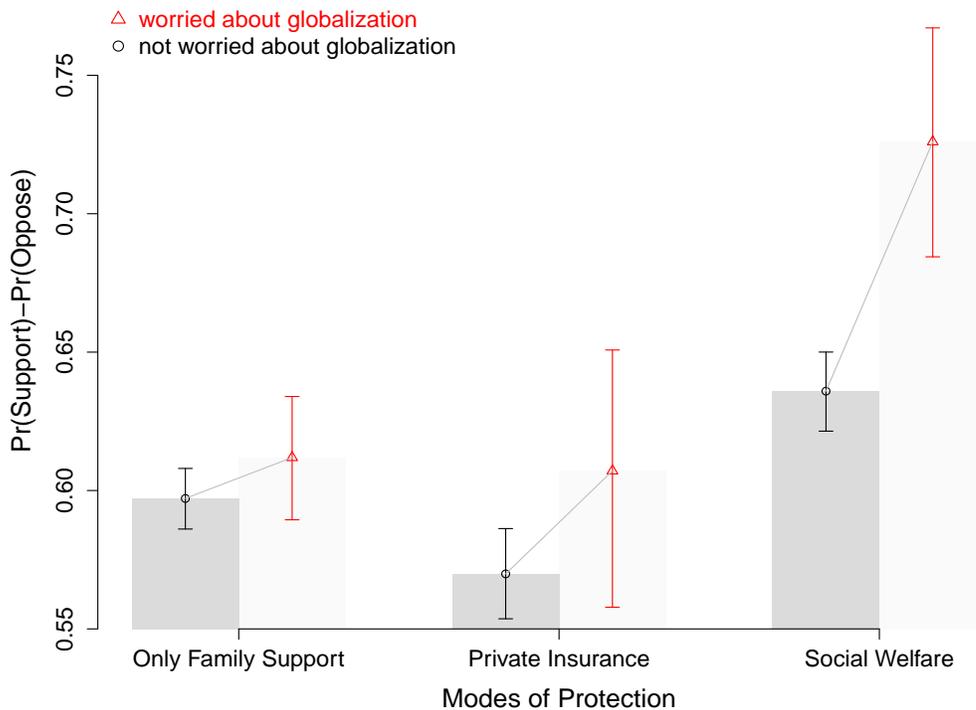
\*Citizens belong to these two categories are excluded from the analysis in Models 15 to 17; Including these citizens does not lead to any substantive change in estimates.

Model 22 is the full sample model. Given the causal heterogeneity between lower and higher income countries confirmed in our earlier analysis, we also report results from split sample analyses (Models 23 and 24). In all three models, the interaction between Globalization Worry and Would Rely on Social Welfare is positive and statistically significant. The lower-order term *Globalization Worry* is not. While consistent with our expectations in H4, the substantive meaning of these effects requires, again, supplemental analysis of the interactions effect. We thus visualize the interaction effect based on Model 24 in Figure 5.

We plot the “net” *Support for Unemployment Spending* (y-axis) by individuals’ access to different modes of protection (x-axis). All other variables are set at the sample medians. To begin with, the support level is distinctively higher among individuals who identify social welfare as their means of protection. There is much smaller difference between those relying on family support only and those with insurance. The extent to which *Globalization Worry* spurs Support for Unemployment Spending is captured by the difference in heights between the light and dark gray bars. The difference is greatest

among citizens with access to social welfare. When these citizens are exposed to globalization, the net *Support for Unemployment Spending* increases by 9 percentage points, from 63.6% to 72.6%. In contrast, globalization worry increases the net *Support for Unemployment Spending* increases by a mere 1 percentage point among those relying on family support and by less than 5 percentage points among those relying on insurance.

Figure 5: Effect of Globalization Worry and Modes of Protection on Support for Unemployment Spending (Based on Model 24)



In Model 25, we limit our sample further to the low educated (Education Level=1) within higher income countries. This is in light of our expectation and findings that the effect of *Globalization Worry* is most salient among this specific segment of the population. Even in this sample, the lower-order term *Globalization Worry* is insignificant. That is, despite its negative economic implications, *Globalization Worry* does not increase *Support for Unemployment Spending* in this sample of respondents as long as support from family members is regarded as their primary means of protection. The interaction between *Globalization Worry* and *Would Rely on Social Welfare* is positive and statistically significant. The magnitude of the coefficient estimate (0.596) is more than three times greater

than that in Model 22. In essence, *Globalization Worry* spurs a strong *Support for Unemployment Spending* among, and only among, those who identify social welfare as their means of protection.

Our analysis so far finds that citizens who *Would Rely on Social Welfare* are more likely to support welfare spending when exposed to globalization than those relying on other modes of protection. One might raise an endogeneity concern here that *Would Rely on Social Welfare* is not an independent conditioning factor but is endogenous to *Globalization Worry*. In other words, the mode of protection one would rely on is explained by, or at least reflects, the citizen's exposure to globalized competition. If those citizens facing globalized competition are more likely to view social welfare as the primary mode of protection, the interaction effect we find cannot be used to support our argument that centers on the conditioning role of the preexisting social protection institutions. For instance, one plausible narrative on the endogeneity of the mode of protection might be that, due to the residual and reactive nature of government social protection, citizens who are (likely to be) negatively exposed to globalization tend to be the main beneficiaries of social welfare programs.

Such a narrative, however, is unconvincing in the Asian context considering the well-known features of the Asian welfare states: in all sub regions of Asia, contributory schemes dominate both means-tested assistance programs and active labor market programs (Asian Development Bank 2013). The latter two programs would have offered better welfare access for citizens faced with globalized competition, whereas contributory schemes would not. To further alleviate this endogeneity concern, we also report a set of models where we employ the two modes of protection as dependent variables and examine their association with *Globalization Worry* (see Appendix 5). We do not find any statistically significant association between the modes of protection and *Globalization Worry* in higher income countries. In lower income countries, *Globalization Worry* is positively associated with *Would have Insurance*, but not with *Would Rely on Social Welfare*.

Our findings relevant to H3 and H4 have important implications for understanding globalization and the future of the emerging welfare states in the region. Although the distributional implications of globalization for citizens in affluent Asian countries may not be so different from those in Western mature welfare states, the compensation logic can be dampened considerably in the former due to the dominance of private protection in these societies. Even in higher income Asian countries, only around a third of the respondents (34.8 %) say they plan to rely on social welfare (often combined with family support) in an event of unemployment. In lower income Asian countries, less than a fifth

of respondents (17.26%) see social welfare as a means of protection they would or could rely on.

## Conclusion

This paper has explored whether and under what conditions we see a politics of embedded liberalism in Asian political economies. Focusing on the micro-level of such politics, where we track individual support for unemployment spending in a wide range of Asian economies, our principal findings are three-fold.

First, subjective exposure to globalization has no distinguishable effect on support for welfare spending if we average-out the effects across the full sample of Asian countries: individuals *greatly worried* about globalization are no more likely to support welfare spending than are individuals who are not. Second, we find evidence for the moderating role of factor endowment: globalization exposure is strongly (weakly) associated with perceived economic insecurities and with support for welfare spending in the higher (lower) income Asian countries that are relatively capital (labor)-abundant. Within the higher income Asian countries, also as expected, the effect of globalization exposure is more pronounced among the less educated than the more highly educated. Third, we find evidence consistent with our hypothesis that having access to alternative, private modes of protection moderates the nexus between globalization exposure and support for welfare spending: all else equal, the individuals living in settings with the most generous firm-based severance-pay protections are less likely to respond to economic globalization with support for unemployment insurance; and those respondents identifying social welfare as an accessible means of protection are more likely to respond to globalization with stronger support for welfare spending than are those whose primary means of protection is family support or insurance.

We take these patterns as important new micro-level evidence for the conditional relevance and reach of the compensation thesis to Asian political economies—the settings that are so crucial to contemporary and future global political economy. Globalization does, indeed, play out differently for citizens in Asian economies than existing studies have shown it to play out for citizens in Western economies. But those differences are an understandable function of factor endowment central to the distributional consequences of globalization, and of the varying modes of protection in place to help globalization’s losers. These patterns foretell important trends in the future of welfare states

in the global economy. Economic development in the labor abundant part of Asia may gradually yield convergence to the compensation politics, not unlike that of Western settings. Yet, even with continued economic development and possible convergence, the concomitant development of alternative means of protection characteristic of the Asian region might considerably dampen the compensation politics and short-circuit embedding of liberalism.

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## Appendix 1. Sample Country-Year

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	Country-Year
1	Afghanistan-2005
2	Bangladesh-2005
3	Bhutan-2005
4	Brunei-2004
5	Cambodia-2004
6	Cambodia-2007
7	China-2003
8	China-2004
9	China-2006
10	Hong Kong-2006
11	India-2003
12	India-2005
13	Indonesia-2004
14	Indonesia-2007
15	Japan-2003
16	Japan-2004
17	Japan-2006
18	Kazakhstan-2005
19	Korea-2003
20	Korea-2004
21	Korea-2006
22	Kyrgyzstan-2005
23	Laos-2004
24	Laos-2007
25	Malaysia-2003
26	Malaysia-2004
27	Malaysia-2007
28	Maldives-2005
29	Mongolia-2005
33	Nepal-2005
34	Pakistan-2005
35	Philippines-2004
36	Philippines-2007
37	Singapore-2004
38	Singapore-2006
39	Sri Lanka-2003
40	Sri Lanka-2005
41	Taiwan-2006
42	Tajikistan-2005
43	Thailand-2003
44	Thailand-2004
45	Thailand-2007
46	Turkmenistan-2005
47	Uzbekistan-2003
48	Uzbekistan-2005
49	Vietnam-2003
50	Vietnam-2004
51	Vietnam-2006

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## Appendix 2. Descriptive Statistics

	Support for	Perceived	Perceived	Education	Mode of Protection	
	Unemployment Spending	Globalization Worry	Unemployment Worry	Level	Rely on Welfare	Have Insurance
	1 to 5	Binary	Binary	1 to 3	Binary	Binary
Nepal	4.452	0.514	0.940	1.988	0.008	0.092
Turkmenistan	4.432	0.045	0.318	2.250	0.136	0.000
Bangladesh	4.424	0.053	0.792	1.378	0.023	0.067
Afghanistan	4.340	0.056	0.493	1.424	0.138	0.004
Maldives	4.207	0.095	0.098	2.175	0.039	0.030
Brunei	4.083	0.072	0.334	1.908	0.266	0.055
China	4.047	0.049	0.521	1.895	0.183	0.116
Tajikistan	4.037	0.004	0.682	2.297	0.092	0.004
Kyrgyzstan	4.009	0.034	0.763	2.397	0.228	0.030
Sri Lanka	3.977	0.036	0.356	2.218	0.072	0.192
Thailand	3.945	0.045	0.491	1.718	0.175	0.174
Singapore	3.944	0.109	0.652	1.865	0.162	0.388
Kazakhstan	3.789	0.046	0.573	2.537	0.283	0.016
Uzbekistan	3.760	0.074	0.720	2.586	0.183	0.026
Bhutan	3.729	0.187	0.695	2.184	0.132	0.170
Philippines	3.705	0.101	0.556	1.985	0.304	0.124
Pakistan	3.678	0.360	0.760	1.457	0.072	0.027
India	3.648	0.083	0.773	2.280	0.024	0.343
Malaysia	3.613	0.091	0.459	1.709	0.127	0.207
Korea	3.565	0.043	0.594	2.252	0.116	0.410
Mongolia	3.559	0.029	0.779	2.006	0.184	0.101
Indonesia	3.476	0.051	0.626	1.461	0.043	0.052
Vietnam	3.466	0.067	0.708	1.825	0.057	0.244
Taiwan	3.439	0.104	0.569	1.966	0.224	0.267
Laos	3.436	0.062	0.562	1.606	0.071	0.062
Hong Kong	3.335	0.081	0.565	1.738	0.290	0.168
Japan	3.268	0.032	0.444	2.358	0.203	0.334
Cambodia	2.938	0.113	0.776	1.494	0.038	0.076

### Appendix 3. Unemployment Worry as a Casual Mediator

	Mediation Model	Outcome Model
	DV: Unemployment Worry	DV: Support for Unemployment Spending
	Binary	Ordered
Globalization Worry	0.653*** (0.064)	0.044 (0.032)
Unemployment Worry		0.188*** (0.016)
Education	-0.074*** (0.022)	-0.060*** (0.012)
Unemployed	0.099 (0.066)	0.090** (0.035)
Age	-0.105*** (0.013)	-0.011 (0.007)
Gender	-0.002 (0.029)	0.032** (0.016)
(perceived) Living Standard	-0.205*** (0.024)	-0.071*** (0.012)
(non-welfare) Spending Preference		0.957*** (0.016)
Constant	0.392*** (0.134)	
N	19,900	19,900
Log Likelihood	-13,168.660	-22732.29

\*p < .1; \*\*p < .05; \*\*\*p < .01

Notes: The sample includes upper middle and higher income countries in the region according to the World Bank's country income group classifications: Brunei, China, Hong Kong, Japan, Korea, Kazakhstan, Malaysia, Maldives, Singapore, Taiwan, and Thailand. Estimates for country fixed effects and thresholds (for Outcome Model) are not included in the table to save space.

<b>Mediation Effect (ACME), Direct Effect (ADE), and Total Effect</b>					
	Pr(Y=Strongly Oppose)	Pr(Y=Oppose)	Pr(Y=Neutral)	Pr(Y=Support)	Pr(Y=Strongly Support)
ACME	-0.001	-0.002	-0.006	0.002	0.007
p-value	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
ADE	-0.001	-0.004	-0.009	0.003	0.011
p-value	(0.162)	(0.162)	(0.162)	(0.162)	(0.162)
Total Effect	-0.002	-0.006	-0.014	0.005	0.018
p-value	(0.024)	(0.024)	(0.026)	(0.024)	(0.026)

Notes: the p-values are obtained from nonparametric bootstrapping.

### Appendix 4. Three-way Interaction Model

	DV: Support for Unemployment Spendin
Globalization Worry	-0.836** (0.425)
Education	0.196*** (0.066)
Unemployed	0.033 (0.021)
Age	-0.014*** (0.005)
Gender	-0.011 (0.011)
(perceived) Living Standard	-0.073*** (0.008)
General Spending Preference	0.777*** (0.010)
GDP per capita	-0.230*** (0.068)
Globalization Worry X Education	0.220 (0.200)
Globalization Worry X GDP per Capita	0.104** (0.049)
Education X GDP per Capita	-0.028*** (0.007)
Globalization Worr X Education X GDP per Capita	-0.028 (0.023)
Observations	40,407 (28)
Log Likelihood	-50,145.250
<i>Note:</i>	*p<0.1; ** p<0.05; ***p<0.01

## Appendix 5. Determinants of the Modes of Protection

	Higher Income		Lower Income	
	Social Welfare	Insurance	Social Welfare	Insurance
	(26)	(27)	(28)	(29)
Globalization Worry	0.092 (0.077)	0.113 (0.072)	0.096 (0.087)	0.300*** (0.075)
Unemployed	0.200** (0.078)	-0.546*** (0.099)	-0.070 (0.079)	-0.127 (0.080)
Age	-0.028 (0.017)	-0.022 (0.016)	0.098*** (0.020)	-0.102*** (0.020)
Gender	0.011 (0.038)	0.011 (0.036)	0.0001 (0.048)	0.014 (0.045)
Education	-0.140*** (0.028)	0.331*** (0.027)	0.009 (0.035)	0.376*** (0.032)
(Perceived) Living Standard	-0.270*** (0.030)	0.234*** (0.029)	-0.036 (0.033)	0.275*** (0.033)
(non-Welfare) Spending Preference	-0.138*** (0.036)	-0.035 (0.034)	0.006 (0.039)	0.010 (0.039)
Constant	0.067 (0.188)	-2.972*** (0.186)	-2.103*** (0.235)	-6.272*** (0.497)
N	20,264	20,264	22,351	22,351
Log Likelihood	-9,103.834	-9,649.498	-6,280.181	-6,773.962

\*p < .1; \*\*p < .05; \*\*\*p < .01