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The Electoral Consequences of Offshoring

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The Electoral Consequences of Offshoring

How the Globalization of Production Shapes Party Preferences in Multi-Party Systems

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Abstract

How does offshoring affect individual party preferences in multi-party systems? We argue that exposure to offshoring influences individual preferences for those political parties with clear policy positions on issues relevant for individuals with offshorable jobs (left, liberal and center-right parties), but does not affect voting decisions for parties concentrating on other issues (green parties or populist right parties). Examining individual-level data from five waves of the European Social Survey for 18 advanced democracies, we find that these effects vary by skill and exposure. Offshoring increases the preference for parties advocating economic openness among the highly skilled. In contrast, among the low-skilled, those exposed to offshoring are more likely to prefer leftist political parties that champion social protection and redistribution.

1. Introduction

The globalization of production has accelerated at rapid speed over the last decades. While originally mainly manifest in the form of international trade, the enormous technological advances of recent decades have increasingly enabled firms to move their own production activities abroad. This phenomenon – frequently referred to as offshoring, "the migration of employment from [one country] to other (mostly poorer) countries" (Blinder, 2009: 41) – has confronted domestic workers not only with competition from foreign firms but also increasingly from within their own firms. Importantly, offshoring not only affects low-skilled employees of manufacturing firms, which build factories in countries with low labor and production costs, but is a phenomenon that nowadays affects many service sector employees as well (Head, Mayer, & Ries, 2009; Jensen & Kletzer, 2010). Call center assistance, accounting services, or IT support are increasingly provided by individuals located in foreign countries. As a result, many white-collar workers that traditionally have been sheltered from international competition have suddenly become exposed to global competition – a trend that is likely to intensify in the future (Blinder, 2006; Crinò, 2009). The number of workers directly affected by offshoring has indeed grown considerably in recent years, and offshoring has become a prominent and contentious issue in the public debate about globalization. Some observers query whether offshoring is the "next industrial revolution" (Blinder, 2006: 113) threatening "virtually the entire employed middle class" (Luttwak, 1995: 7) or suggest that it poses "a greater threat than terrorism" (Roberts, 2014: 1), although others are more cautious, suggesting that offshoring "is not the tsunami that many claim" (Drezner, 2004: 29). Not surprisingly, offshoring and outsourcing have turned into highly politicized issues (Mankiw & Swagel, 2006; Owen, 2015).

Surprisingly, we know comparatively little about the political *consequences* of this development, especially when the non-US context is concerned. Several studies show that offshoring affects individuals' policy preferences (e.g. Chase, 2008; Walter, 2010; Mansfield & Mutz, 2013; Owen & Quinn, 2013; 2015). How exactly these preferences are translated into politically meaningful actions such as the vote is less clear, however. The existing work relies solely on single country studies such as Switzerland (Walter, 2010) and most prominently the US (Mughan & Lacy, 2002; Margalit, 2011; Jensen, Quinn, & Weymouth, 2015). Although insightful, these cases are not comparable to the bulk of developed democracies: Switzerland is a consensus democracy, where all large political parties are always part of the government. And with its presidential political system, the dominance of two parties, and the very polar-

ized political landscape, electoral politics in the US exhibits very different dynamics than electoral politics in Western Europe. Moreover, existing research mostly focuses either on the vote for one specific party family (Mughan & Lacy, 2002; Walter, 2010), or takes on an economic voting perspective and predominantly focuses on the vote for the incumbent party (Margalit, 2011; Jensen et al., 2015).

In contrast, we know next to nothing about how offshoring – and, incidentally, globalization more generally – affects partisan politics in the multi-party systems that are characteristic of most developed democracies. The link between the individual-level risks and opportunities associated with offshoring and voting behavior is an important link in the causal chain between offshoring exposure and political outcomes because political parties are important actors in national policymaking. In most modern democracies, voters have a choice between a broad range of political parties who pursue very different policy agendas in response to globalization (e.g. Boix, 1998; Garrett, 1998; Swank, 2002; Kriesi et al., 2008; Haupt, 2010a; Burgoon, 2012a). Understanding whether offshoring is a salient issue for voters' electoral decisions, for which political parties offshoring is likely to matter most, and how specifically it affects the electoral success of political parties in a comparative perspective therefore improves our understanding of the link between offshoring and partisan politics. Considering that offshoring is a phenomenon that is both distinct from but related to international trade and other forms of globalization, answering these questions also contributes to a better understanding of the nexus between globalization and party politics in multi-party systems more generally.

This paper provides such an analysis. Building on the insight that the effects of offshoring vary significantly among citizens, we argue that offshoring represents a relevant issue for some political parties, whereas its saliency for other political parties is low. Because highly skilled individuals tend to benefit from the opportunities of offshoring, they are more likely to support parties that advocate economic openness and international competition, especially liberal and center-right parties. In contrast, low-skilled individuals with easily offshorable jobs are threatened by the globalization of production and are therefore expected to vote for the social protection and compensation that left parties promise. Offshoring is hence an important issue for those political party families with clear policy positions relevant for individuals exposed to offshoring, i.e. left, liberal and center-right parties. In contrast, the risks associated with offshoring are a much less salient issue for political parties who concentrate more on cultural issues, such as post-material issues in the case of green parties or immigration in the case of populist right parties.

Empirically, this paper utilizes cross-national survey data from 18 advanced West European countries over the period from 2002 to 2010 to examine how offshoring affects individual preferences for policy positions and party families. Our results show that exposure to offshoring-induced risks and opportunities has significant effects on electoral behavior: Low-skilled individuals working in offshorable occupations are more likely to vote for compensatory policies put forward by left parties than low-skilled individuals working in sheltered occupations. In contrast, individuals in offshorable occupations are more likely to vote for parties advocating economic competition and openness, especially liberal and center-right parties, if they are highly skilled. At the same time, offshoring risks and opportunities play a minor role for the electoral support of populist right and green parties. Our findings thus support the notion that the effects of globalization on partisan politics are heterogeneous, affecting some political parties and party families more strongly than others (Burgoon, 2012a). This implies that some political parties are more pressured than others in trying to reconcile their constituents' policy demands with the demands of special interests and global competitive pressures emanating from general trends of globalization.

2. Offshoring and the Vote

How does offshoring affect partisan politics? To answer this question, we focus on electoral politics as a particularly salient arena of party competition and examine how offshoring affects individuals' voting behavior. Building on the insight that the heterogeneous individual-level effects of offshoring create both winners and losers, we discuss how these distributional consequences influence individual policy preferences and voting behavior. In a final step, we discuss how the effect of offshoring on vote choice differs among party families.

2.1. The Individual-Level Effects of Offshoring: Risks and Opportunities

Offshoring creates both risks and opportunities. It poses a substantial threat to workers whose jobs are likely to be moved abroad. These workers not only face the risk of losing their jobs altogether, but also experience downward pressure on their wages, even if their jobs are not actually offshored (Grossman & Rossi-Hansberg, 2008). As a result, workers exposed to the negative risks of offshoring are more likely to experience a higher level of labor market risk and to express feelings of economic insecurity (Scheve & Slaughter, 2004; Walter, 2010, 2015). Typically, the jobs most at risk from offshoring are routine jobs that can easily be pro-

vided from anywhere in the world. But, even non-routine jobs in the service sector that do not require face-to-face interactions are nowadays more and more likely to be moved abroad (Acemoglu & Autor, 2011). As a result, low-skilled individuals with potentially offshorable jobs are most strongly exposed to the negative consequences of offshoring. Their jobs are most likely to be moved abroad, they face increasing difficulties of finding a new job in the same occupation when most firms engage in similar offshoring activities, and their wages are likely to be depressed (Feenstra & Hanson, 1999; Hummels et al., 2014).

At the same time, offshoring enhances the profitability of internationally active firms. New developments in trade theory (Melitz, 2003) suggest that only the most productive firms engage abroad, be it in the form of international trade or FDI (Helpman, Melitz, & Yeaple, 2004). This in turn benefits owners, shareholders, and those employed by these firms – typically individuals with strong abilities (Helpman, Itskhoki, & Redding, 2010). New foreign activities often also enhance domestic activities in other parts of the firm, such as research, marketing, or distribution, and therefore increase demand for workers in these areas (Amiti & Konings, 2007; Kasahara & Rodrigue, 2008). Moreover, although the phenomenon of offshoring is often thought of in terms of the migration of jobs from rich countries to poor countries, individuals in rich countries often also provide services for firms located in countries with a low-skilled workforce. For example, some firms with headquarters in less developed economies have built up technology research centers in advanced economies and hire local engineers to develop new technologies and products. This means that individuals providing such services can sell their skills to a wider set of potential customers. This, in turn, improves job security and wages for these individuals, allowing them to benefit from the opportunities offshoring creates. Since the precondition in this case is that these individuals possess skills that are very competitive and sought after internationally, the benefits of offshoring are more likely to accrue to well-educated individuals. Not surprisingly, offshoring has been found to increase the wages of high-skilled individuals (Hummels et al., 2014) and to reduce feelings of job insecurity among this group (Walter, 2015).

It is important to note that, despite the accelerating offshoring trend, most individuals in a society remain unaffected by this new form of global competition. Even though they may be exposed to offshoring indirectly as consumers – for example, when calling a call center located in a foreign country – they are not directly affected as labor market participants. In fact, many jobs simply cannot be offshored, because the services they provide require them to be on-site (Blinder, 2009). Workers employed in such occupations are therefore much more sheltered from the globalization of production than workers in occupations that provide more im-

personal services or general manufactured goods, and this applies to both high-skilled and low-skilled workers in sheltered occupations.

Most existing studies on the individual-level effects of offshoring assume that it has a uniform and negative effect on all affected workers (Scheve & Slaughter, 2004; e.g., Margalit, 2011; Mansfield & Mutz, 2013; Owen, 2015). In contrast, the discussion above suggests that the effects of offshoring vary by an individual's skill level (see also Walter, 2010; Wren & Rehm, 2013; Walter, 2015). Offshoring creates the highest labor market risks for low-skilled individuals working in offshorable occupations (e.g. assembly-line workers). Equally low-skilled individuals working in sheltered occupations (e.g. cleaning personnel) are better off than their counterparts in offshorable occupations, although in today's 'knowledge economy' they continue to experience higher labor market risks than high-skilled workers in sheltered occupations (e.g. doctors or teachers). Finally, highly skilled individuals in offshorable positions (e.g. engineers or consultants) are the main beneficiaries of the globalization of production. This suggests that labor market risks are much more unequally distributed among workers exposed to offshoring than among workers in sheltered occupations. As a result, exposure to offshoring is likely to widen economic inequality between low- and high-skilled workers.

2.2. Offshoring and Party Preferences

Much research has shown that individuals support or oppose policies based on the material consequences of these policies (e.g., Iversen & Soskice, 2001; Beaulieu, 2002; Hays, Ehrlich, & Peinhardt, 2005; Mayda & Rodrik, 2005; Rehm, 2009).[1] With regard to offshoring, this suggests that low-skilled individuals with offshorable jobs should have a strong preference for protection from offshoring or, more indirectly, protection from these risks through a generous welfare state. In contrast, highly skilled individuals, who benefit from offshoring, have a lower need for a state-funded social safety net and are also among the main contributors to the financing of the welfare state. Individuals sheltered from offshoring should have more moderate policy preferences than their more exposed counterparts, with low-skilled individuals demanding more protection than high-skilled individuals. Existing empirical research supports these conjectures (e.g., Walter & Maduz, 2009; Walter, 2010; Wren & Rehm, 2013; Walter, 2015).[2] Importantly, this argument does *not* presuppose that individuals voice

[1] Note that policy support or opposition may also be driven by many non-material considerations (e.g., Mansfield & Mutz, 2013).

[2] Table 4 in the online appendix replicates these results for the data used in the analysis below, using measures for labor market insecurity and preferences for redistribution as dependent variables. In line with previous stud-

clear preferences about offshoring itself, but that the labor market risks and opportunities created by offshoring translate into more general social and economic policy preferences.

However, policy preferences can only have an actual impact on the policymaking process if they are effectively brought into the political arena. In democratic countries, the most straightforward instrument for individuals in this regard is their vote. Although research on the effects of offshoring on voting behavior to date has been confined to single country-studies or votes for specific parties or incumbents, it suggests that offshoring has the potential to affect electoral outcomes: Mughan and Lacy (2002) show that in the 1996 US presidential elections, voters worried about the future of American jobs were more likely to vote for presidential candidate Ross Perot, who ran on an anti-offshoring platform. Margalit (2011) finds that offshoring-related job losses in the manufacturing sector were associated with significant reductions in incumbent support in the 2004 US presidential elections. Taking a longer-term perspective, Jensen, Quinn, and Weymouth (2015) show for the US that incumbent support has on average been higher in counties with a high concentration of tradable services, typically dominated by skill-intensive, offshorable jobs. Finally, Walter (2010) shows that in 2007, individuals threatened by offshoring in Switzerland were more likely to vote for the Social Democratic party than individuals who stood to benefit from this trend.[3] While insightful, these studies leave open a number of questions: Does offshoring have an impact on voting behavior across a broader set of countries characterized by multi-party systems? Do offshoring winners and losers have distinct party preferences? And are all political parties equally affected by the offshoring trend?

Our argument builds on the assumption that political parties differ with regard to both the policies they advocate and the saliency they put on different policy areas. This is particularly true for political parties in multi-party systems, where parties occupy a large range of positions in the political space usually demarcated by the traditional left-right (or economic) dimension and a cultural dimension (e.g., Kitschelt, 1994; Benoit & Laver, 2006; Marks et al., 2006). Offshoring has clearly identifiable distributive effects, which predominantly affect preferences for policies located on the economic dimension – social and labor market policies, protectionist and market-liberalizing policies, and fiscal policies. Exposure to offshoring should therefore primarily affect individuals' party preferences for political parties with a

ies, it shows that preferences for redistribution are strongest among low-skilled individuals in offshorable occupations and least pronounced among high-skilled individuals in offshorable occupations.

[3] A few authors have looked at the nexus between voters and party positions on specific globalization-related issues such as trade liberalization (Hiscox, 2002; Hellwig, 2014), though none of these studies specifically addresses the issue of offshoring.

salient and distinct position on these specific policies and the economic left-right dimension more generally.[4] We therefore expect offshoring to shape voting behavior for political parties located at the extreme ends of the state-market-divide of party competition most strongly.

Parties located at the leftist end of the economic dimension are likely to be particularly attractive to low-skilled voters exposed to offshoring. These parties typically pursue policies that strengthen the welfare state, redistribute income from the rich to the poor, and other policies that protect vulnerable workers from labor market risks and should therefore be particularly attractive for the losers of the offshoring trend (Hicks & Swank, 1992; Schmidt, 1996; Korpi & Palme, 2003; Allan & Scruggs, 2004). Hence, we expect low-skilled individuals in offshorable occupations to exhibit a higher propensity to vote for parties advocating generous welfare policies and, specifically, left parties more than other voters. In contrast, the economic and fiscal policies pursued by leftist parties tend to conflict with the material interest of individuals benefitting from offshoring. Higher taxes, a large welfare state and income redistribution more generally, are not only directly paid for by the high-income earners in internationally competitive jobs (for a related argument, see Wren & Rehm, 2013), but these policies may also hamper international competitiveness and hence reduce the economic prospects of these individuals (Alesina & Perotti, 1997). As a result, the winners of the offshoring trend should be less likely to vote for leftist parties. Notably, we not only expect significant differences in the voting behavior of low-and high-skilled workers, but also within each of these groups. Low-skilled (high-skilled) individuals in offshorable jobs should be significantly more (less) likely to vote for parties advocating leftist policies than high-skilled individuals whose jobs cannot be offshored.

In contrast, parties located at the rightist end of the state-market-dimension should be particularly attractive for high-skilled individuals in offshorable occupations. As voters with high incomes and low labor-market risks, these offshoring beneficiaries not only know that they will in all likelihood be net payers into the welfare system but also benefit from market-oriented policies, low levels of government spending and lower taxes. As a result, they are likely to vote for parties who pursue market-liberal policies, especially liberal and center-right parties. Although the parties in these categories differ with regard to their position on other policy dimensions (Benoit & Laver, 2006; Schmidt, 2010), they share common grounds with regard to economic and social policies. Liberal parties tend to be skeptical vis-à-vis govern-

[4] Note that in its most general conceptualization, globalization defined as a general phenomenon comprising economic, cultural, and political globalization is likely to affect partisan politics on both dimensions (Kriesi et al., 2008; Hellwig, 2014). However, we focus solely on the globalization of production.

ment intervention in the economy, actively advocate free market policies including a further opening of the economy, and promote lower levels of taxation, lower social spending and a less generous provision of social rights (Hicks & Swank, 1992; Allan & Scruggs, 2004; Benoit & Laver, 2006; Zohlnhöfer, Obinger, & Wolf, 2008). Center-right parties tend to be located somewhat more to the center of the left-right dimension, but typically also promote free market policies, although some tend to be more favorable towards embedding these polices in a resilient welfare state system, especially Christian democratic parties (Van Kersbergen, 1995; van Kersbergen & Manow, 2009). Both liberal and center-right parties therefore carry a strong appeal to high-skilled individuals in offshorable occupations, whereas they are least attractive for low-skilled voters, especially those in highly offshorable occupations. Once more, we expect the difference in the voting propensity between high- and low-skilled individuals to be much higher among individuals exposed to offshoring than among individuals in sheltered occupations.

Unlike party families who clearly position themselves on the state-market dimension and for whom social and economic policies are particularly salient, however, we do not expect offshoring to be an important issue for political parties for whom the cultural dimension of party competition carries greater importance or whose economic policies do not specifically benefit either the winners or losers of the globalization of production. The two most important party families in this regard are populist right or green parties. The effect of offshorability on preferences for populist right parties is theoretically ambiguous. For one, these parties focus mainly on immigration. This is an important topic on the cultural dimension, but also matters in material terms. In terms of economic policies, these parties are by no means proponents of welfare state retrenchment, but tend to favor protectionist trade policies and social protection that benefits nationals only (Schmidt, 2010). For this reason, previous studies have argued that right-wing populist parties are particularly appealing to modernization and globalization losers more broadly defined (Betz, 1993; Kriesi et al., 2006). We contend, however, that populist right parties are attractive to low-skilled workers across the board. They are either threatened by offshoring and free trade when they work in economically exposed occupations, or by labor market competition through low-skilled immigrants when they work in sheltered occupations (Burgoon, 2012a; Dancygier & Walter, 2015). This implies that low-skilled individuals should in general be more likely to vote for rightist parties than high-skilled individuals, with no reinforcing effect of offshoring exposure. Similarly, high-skilled voters are expected to be much less likely to vote for the populist right across the board for

both material (they tend to benefit from cheap labor) and immaterial reasons (higher levels of education are associated with lower levels of xenophobia).

Green parties, in contrast, share an emphasis on environmental protection and other post-materialistic issues and are both less concerned about and less homogenous with regard to questions about welfare state expansion and free market policies (Benoit & Laver, 2006). With regard to globalization, the issue that primarily defines the Greens' position is "the cultural aspect of globalization processes" (Dolezal, 2010: 548). As 'the' post-materialist party family, we therefore expect the material interests of individuals affected by offshoring to play a negligible role in explaining party preferences for green parties. Rather, we expect high-skilled individuals across the board to be more likely to vote for these parties than low-skilled individuals (Schumacher, 2014).

*** Table 1 about here ***

Table 1 summarizes our expectations about the effect of offshoring on individual party preferences. As discussed, this effect should be strongest for political parties with distinct and salient policy positions regarding welfare policies and market-liberal policies, and as such those with polar positions on the social-economic dimension of party competition. This suggests that offshoring should be most consequential for left, liberal, and center-right parties, who serve as natural agents for the losers and winners of the offshoring trend by advocating policies that cater to their specific interests. Among high-skilled individuals, job offshorability should increase the propensity to vote for parties located at the market-liberal end of the left-right divide in partisan politics, whereas this effect should be reversed among low-skilled individuals. These expectations also suggest that the difference in voting propensity should be significantly larger between low- and high-skilled individuals in offshorable occupations than between low- and high-skilled individuals in sheltered occupations. At the same time, we expect that the increasing prevalence of offshoring should not be associated with individuals' propensity to vote for political parties who politicize more on the cultural dimension of party competition, especially populist right and green parties.

3. Research Design

We use survey data from five consecutive waves of the European Social Survey (ESS) conducted between 2002 and 2010 in 18 West European countries to test the conditional effect of exposure to job offshorability on partisan preferences and voting behavior.[5] This set of countries is especially useful because it represents developed capitalist democracies with established multi-party systems, which allows us to test our argument about differentiated partisan effects. We focus on working-age respondents, because globalization-induced labor market risks should be most important for this section of the population.

3.1. Dependent Variable: Preference for Policy Position and Party Family

To examine how offshoring affects voting behavior, we proceed in two steps. We first examine the effect of offshoring-exposure on individuals' propensity to vote for parties advocating specific policies, focusing on parties' overall left-right position on the economic dimension, party positions on welfare-state and on positioning on market-liberal policies. In a second step, we examine how exposure to offshoring influences individuals' likelihood to vote for a specific party family.[6]

Policy positions of political parties are measured with data collected by the Comparative Manifesto Project CMP (Volkens et al., 2013), which codes the direction and quantity of policy statements from electoral programs of all parties participating in a national election in a given year into 56 programmatic categories. Parties' positions on the economic dimension are captured with the CMP score for the party's overall orientation to the left or right. This score ranges from -48.0 to 72.5, with higher values indicating a more rightist position. Party positions on welfare-state policies are measured with the respective CMP indicator, which contains partisan positions regarding social justice (including statements about social equality or the need for a fair distribution of resources) and welfare-state expansion (including mentions of the need to maintain or expand social security schemes). Finally, we measure party positions regarding market-liberal policies with the respective CMP indicator, which builds on statements about free enterprise capitalism (like the superiority of the individual enterprise

[5] The countries are Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. Table 2 in the online appendix in the appendix summarizes the survey coverage for each country and ESS round. The results are robust to including countries from Eastern Europe (Czech Republic, Estonia, Hungary, Poland, Slovak Republic, and Slovenia) and Israel.

[6] Table A1 provides detailed information about the operationalization and descriptive statistics of all variables in the reported models. Further information on the distribution of all dependent and key independent variables is provided in the online appendix.

over the state or favorable mentions to protect property rights) and economic orthodoxy (like the reduction of budget deficits or retrenchment in crises). Higher values indicate a stronger approval of the respective policies.

National parties are classified into cross-nationally comparable party families based on two data sources: the dataset about the composition of governments in OECD-countries by Schmidt (2012) and the Manifesto Project Data Collection (Volkens et al., 2013). We focus on the five party families that have been most common in Europe in the period we study: left, liberal, center-right, populist right, and green parties. Studies have shown that European parties have converged regarding their policy positions and have increasingly homogenous voting distributions (Caramani, 2011; Camia & Caramani, 2012). To classify individual parties into these party families, we proceed as follows: First, we identify the party family separately on the basis of each database. We then merge these classifications in accordance with the following rules: If both databases report the same party family for a single party, we classify the latter accordingly. If one database codes a party as a member of one of our five party families and the other database codes it as a residual party family or provides no information, we classify the party in line with the information-providing database. If both databases provide no information at all, we code the party as missing. If the two databases disagree about the specific party family, we gathered more data (e.g. the membership of a party in a political group in the European Parliament) to classify this party accurately.[7]

We then match this information about each party's policy positions and its party family to ESS respondents based on which national party they voted for in the last national election. For robustness, we additionally use information about respondents' current closeness to a political party. Each individual is thus assigned his or her preferred party's policy position and classified as voting for (or feeling close to) one of the five party families. While party policy positions are continuous measures, we create five dummy variables recording whether a respondent voted for or feels close to each party family.

3.2. Independent Variables: Exposure to Offshoring and Skill-Level

Our argument suggests that offshoring affects individual party preferences, but that this

[7] This is the case in about 2 percent of all observations. Because populist right parties are small in most countries, we additionally cross-check our classification with the list of right-wing populist parties provided by Mudde (2007). We additionally code the Swiss People's Party (SVP) as a populist-right party. Although the CMP codes the SVP as an agrarian party, country specialists point out that the party evolved in to a populist right party in the 1990s (Kriesi et al., 2008). Table A2 provides information concerning the categorization of both classifications.

effect differs between low-skilled individuals, for whom the risks of offshoring outweigh the benefits, and high-skilled individuals, for whom offshoring predominantly opens new perspectives and opportunities. These considerations suggest three key independent variables: exposure to offshoring, skill-level, and an interaction term between these variables to address the conditional effect of both.

Exposure to offshoring: As discussed above, not all workers are equally exposed to the offshoring trend that has become increasingly important over the past years. Rather, jobs differ with regard to the degree to which they can be offshored. To measure respondents' occupational offshorability, we match the information about respondents' occupation contained in the ESS survey with information from an offshorability-index developed by Blinder (2009). This index measures a job's potential to be moved abroad, i.e. whether the service the job provides can theoretically be delivered over long distances with little or no degradation in quality, for more than 800 occupational categories.[8] It allows us to assess individual exposure to offshoring on an occupational basis. Because it measures the *potential* for offshoring, it connects closely with our theoretical argument about offshoring *risk*. Moreover, in a validation study, Smith and Rivkin (2008) found Blinder's classification to be highly correlated with a more intuitive coding of offshorability by business school students. [9]

Blinder ranks each occupation's offshorability potential on an ordinal 4-point scale ranging from no offshoring-potential to high offshoring-potential according to the following criteria: If workers are required to be at a specific work location in their country in order to perform their task, they are considered to have a highly non-offshorable occupation (category 1). If the criterion of workplace-specificity is not fulfilled, the second criterion determines whether a worker has to be physically close to his or her work unit. If not, the occupation falls into the category of highly offshorable occupations (category 4). The remaining occupations are then classified into the two middle categories of intermediate offshorability. If the entire work unit has to be in the same country, the occupation is coded as somewhat offshorable (category 2), and as offshorable (category 3) otherwise. All professions not listed by Blinder

[8] The categories are based on the US Labor Department's Standard Occupational Classification (SOC). While this classification was developed for the US, we think it is reasonable to assume that it can be applied to comparable occupations in other advanced economies as well. We adapted this classification for the corresponding ISCO-codes (International Standard Classification of Occupations) available in the ESS. For detailed information on applying the index to the ESS survey data see Walter and Maduz (2009).

[9] We also rely on Blinder's measure because alternative measures of offshorability by Acemoglu and Autor (2011) as well as Jensen and Kletzer (2010) do not cover all occupations and/or exclude theoretically relevant information – such as (non-)routinization – from the construction of their indices.

are coded as not offshorable. Because Blinder cautions that the four categories cannot necessarily be interpreted as an ordinal scale, we construct a dummy variable differentiating between potentially offshorable (categories 2, 3, and 4) and non-offshorable (category 1) occupations.[10] The proportion of respondents in offshorable occupations varies between 30.0% in Iceland and 47.7% in France.

Skill-level: The operationalization of an individual's skill-level is based on the respondent's educational background. We use the total number of years during which a respondent has been in full-time education. Of course, individuals can also dispose of skills acquired through on-the-job-training and individuals with low levels of education can also deliver high-quality work, but empirical research has shown that higher educational achievement is positively related to higher occupational skills and higher levels of productivity (Jones, 2001; Spitz-Oener, 2006). Education years therefore serve as a proxy for individual skill-levels.[11] As a robustness check, we additionally use information on the highest level of education a respondent has achieved. The answers are standardized into the ISCED-classification of education levels. We adapted the 7-point ISCED-classification by combining several categories, in part because of some data limitations in the ESS and in one case because of a highly asymmetrical frequency distribution (ISCED categories 3 and 4). This leaves us with 4 different categories ranging from less than lower secondary to completed tertiary education.[12]

*** Figure 1 about here ***

Interaction term between offshorability and skill-level: To capture the expected conditional effect of individual exposure to offshoring and an individual's skill-level on partisan preferences, we use an interaction term between the two. Our argument makes clear predictions about the nature of this interaction term. Since the offshoring-trend creates more labor market risks for low-skilled individuals, this group of voters should be particularly likely to vote for political parties that advocate welfare-policies, particularly leftist parties, suggesting

[10] Results are robust to using the ordinal and metric measure of offshorability, that further differentiates the offshorability of different occupations (Blinder, 2009). Results are also robust to recoding the offshorability dummy such that the offshorable category contains only category 3 and 4 occupations.

[11] Education years higher than 25 years higher values are recoded to the maximum of 25 years, because a) one can plausibly assume that the marginal effect of the additional skills on productivity in this stage of education (post-doctoral education) is very small and b) this procedure allows us to eliminate implausible and extreme values.

[12] Table 3 in the online appendix provides further information.

a negative and statistically significant interaction term. Highly skilled individuals should prefer political parties that are located more to the right of the political spectrum and who champion market liberal policies, especially liberal and center-right parties, suggesting a positive and statistically significant interaction term for these dependent variables. In contrast, we do not expect a statistically significant interaction term for populist right or green parties. Figure 1 shows the distribution of education years respondents in non-offshorable (left-hand panel) and offshorable occupations (right-hand panel). It reveals that education is indeed similarly distributed in both groups suggesting that both high- and low-skilled individuals can indeed be exposed to and sheltered from the offshoring trend.[13]

3.3. Control Variables

We consider a number of variables that control for alternative explanations of individual voting behavior. Following our theoretical argument the selection of observable confounders bears on a risk-based model of voting behavior and previous literature (e.g., Mughan & Lacy, 2002; Mughan, Bean, & McAllister, 2003; Vowles & Bean, 2006; Hellwig, 2008; Walter, 2010). We include respondent's income, gender, age, whether he or she is unemployed, lives in an urban area, and cultural attitudes toward immigration in our preferred specification. Respondent's income is measured by a self-classification into one of twelve income classes. To provide cross-national comparability we recode this variable so that it represents the deviation of the respondent's income-class from the country-specific median income-class. We include age in years and a squared age term to capture the possibility that age has a curvilinear effect. Cultural attitudes toward immigration are measured on an 11-point scale, with the statements 'cultural life is enriched' and 'cultural life is undermined' by people from other countries coming to live here at the respective poles.[14] The remaining individual-level variables are coded as dummy variables. Furthermore, we estimate an enhanced specification controlling for additional variables related to labor market risk, such as outsider status (Rueda, 2005; Emmenegger, 2012), skill specificity (Iversen & Soskice, 2001), or routinization (Acemoglu & Autor, 2011). In additional robustness checks we also control for self-employment, union

[13] The interaction term also allows us to address the "learning to love globalization" argument that education correlates strongly with cosmopolitan and tolerant attitudes (Hainmueller & Hiscox, 2006). If these attitudes were the overriding determinant of individuals' electoral choices, we should not observe any differences among exposed and sheltered individuals with the same level of education.

[14] This variable allows us to directly address the 'us' vs. 'them' argument put forward by Mansfield and Mutz (2013). If xenophobic values were the only driving factor, we should not see any remaining differences with regard to offshorability and skill-level.

membership, political interest, church attendance, economic attitudes toward immigration, or ideology using self-placement on a 10-point left-right scale.

On the macro-level, we include three variables to explain differences in the strength between party families across countries by controlling for the different national contexts in which respondents take their voting decision. The unemployment rate is a proxy for the overall state of the economy. The stock of foreign direct investment (FDI) captures the country's exposure to the globalization of production at the macro-level. Both variables proxy the general level of individual labor market risks, which can be expected to shape policy preferences and thus affect party preferences (e.g., Hellwig & Samuels, 2007; Kayser, 2007; Arzheimer, 2009). In addition, we include the effective number of electoral parties to account for the fact that party vote shares vary with the number of parties competing in an election (Bormann & Golder, 2013).[15]

3.4. Method

We perform our analyses on a pooled dataset containing roughly 53000 respondents in 18 countries at 5 points in time. Our preferred model specification is a random effects multilevel model with individuals nested within countries estimating the conditional effect of skill-level and offshoring exposure on respondents' preference for party positions and their electoral preference for each type of political party. This model allows us to account for the fact that respondents from the same country share a common context and are, thus, not necessarily independent from each other (Steenbergen & Jones, 2002; Rabe-Hesketh & Skrondal, 2008; Hox, 2010). To account for the temporal dimension, we include dummies for the different survey waves in all model specifications. To analyze party position preferences we rely on an OLS specification. Concerning preferences for party families, we employ a probit specification. The disadvantage in modeling party preference separately for all party families is that it does not allow to model choice simultaneously. As a robustness check, we therefore also use a multinomial logit model with country dummies (Long & Freese, 2006). We also conduct a series of further robustness checks concerning different measures of skills and offshorability, restricting the sample size to those individuals who are either in paid work or actively looking for a job, including retirees, using current closeness to a political party instead of voting behavior as an indicator of party preferences, including more individual-level controls, includ-

[15] We include this variable only in the models estimating the determinants of preferences for party families, and only as an additional robustness check in the party positions models. All results are robust to including other macro-level variables, such as trade openness and social expenditures.

ing more macro-level control variables, or extending the number of countries. The results shown below are generally robust to these changes.[16]

4. Empirical Findings

Does offshoring affect partisan politics through individuals' electoral preferences? The results for party position and family preferences presented in table 2 and 3 indicate that job offshorability is indeed associated with variation in the voting behavior of individual voters and that this effect is conditional on individual skill-levels. As predicted by our argument, the analysis suggests that voters take their offshoring-related material interests into account when making electoral choices: Offshoring losers, i.e. low-skilled individuals in offshorable occupations, vote for different political parties than offshoring winners, i.e. high-skilled individuals with potentially offshorable jobs. Importantly, this is only the case for party families that strongly advocate economic and social policies targeted towards compensating the losers or benefitting the winners of the offshoring trend; i.e., left, liberal, and center-right parties. In contrast, voting behavior for populist right and green parties does not differ among individuals in offshorable and sheltered occupations. Offshoring thus does not affect all party families equally.

4.1. Offshoring and Preferences for Party Positions

How does exposure to offshoring affect individuals' preference for specific party positions? Table 2 presents regression results for our analysis of individual preferences for parties' general left-right position, their position regarding welfare-state policies and their position regarding market-liberal policies.

*** Table 2 about here ***

The results are in line with our theoretical expectations: Exposure to offshoring has statistically significant effects on individuals' preferences for different party positions. Low-skilled individuals working in offshorable occupations are statistically less likely to vote for parties to the right of the political spectrum than low-skilled individuals in sheltered occupations (column 1). As indicated by the positive and statistically significant interaction term and

[16] The detailed results of these robustness tests are provided in the online appendix.

illustrated by figure 2A, however, this relationship changes with higher levels of education. Among individuals who have received at least 11 years of schooling, job offshorability increases the inclination to vote for more rightist parties at a statistically significant level.

Turning to more specific partisan positions on welfare-state expansion and social justice as well as party positions regarding market-liberal policies such as free enterprise capitalism and economic orthodoxy, we find similar patterns. Exposure to offshoring increases individuals' probability to vote for parties advocating a strong welfare state when they are poorly educated, but decreases this probability when they are highly educated (column 2). In contrast, among the high-skilled, those working in offshorable occupations are significantly more likely to vote for parties with market-liberal policy positions than high-skilled workers sheltered from global competition, whereas exposure to offshoring significantly reduces this likelihood among the low-skilled (column 3). In both cases and in line with our argument, higher education reverses the relationship between offshorability and preferences for welfare-state and market-liberal policies respectively (see figures 2B and 2C).

*** Figure 2 about here ***

Interestingly, the policy preferences of individuals in *sheltered* occupations actually appear to be at odds with the conventional wisdom of traditional partisan models. Among individuals in non-offshorable occupations, higher levels of education are associated with partisan preferences for more leftist parties on a general scale and less market liberal policies. However, the effect of skill-level is not statistically significant in case of welfare-state policies. This finding might reflect the fact that high-skilled individuals sheltered from offshoring are those that provide many of the services an advanced welfare state offers and echoes the argument that many left parties opened up for new, left-libertarian voter groups in the late 20th century (Kitschelt, 1988). Importantly, this finding also suggests that offshoring, as a direct exposure to the global economy, creates a cleavage in party preferences between individuals exposed to this form of globalization and those sheltered from it that goes beyond education.

The results for the control variables in our analysis are in line with our expectations: On the micro-level, we find that poorer, female, younger respondents, those living in urban areas and the unemployed are more likely to vote for leftist and welfare-state supporting parties and less likely to vote for parties advocating market-liberal policies. Immigrations skeptics tend to prefer parties to the right and are less inclined to prefer parties explicitly proposing welfare-

state extension. On the macro-level, support for rightist and market-liberal parties overall tends to be higher in countries with higher unemployment rates and with higher levels of FDI.

These results are highly robust to a variety of modifications. One obvious objection to our analyses could be that our measure for offshorability is highly correlated with other forms of labor market risk. The most prominent candidate here is routinization, because workers with routine jobs are most likely to lose their jobs in a deindustrializing world, and routine jobs could also be the ones that can most easily be offshored. We use Acemoglu and Autor's (2011) routinization measure to test this conjecture. Correlating routinization and job offshorability, we find that they are indeed positively correlated, but only with r=0.14. Moreover, including routinization as a control variable does not change our results for offshorability. Other types of labor market risk that might be related to both offshorability and individual preferences for party positions are the skill specificity of an individual's occupation or whether she is a labor market insider or outsider. Table A3 shows that the results are robust when we control for these alternative sources of labor market risk. As shown in the online appendix, our results are also robust to restricting the sample to active labor market participants, expanding the sample to all retired and non-retired respondents, or including Eastern European countries. Using alternative coding of skills and offshorability and including more micro- and macro-level controls similarly does not change the conclusions we draw with regard to the conditional effect of offshoring.

Summing up, our results show that, as expected, the gap in partisan preferences between low- and high-skilled individuals is much larger among those working in offshorable occupations than among those individuals sheltered from the offshoring trend. Moreover, this gap opens up in the expected directions: those benefitting from offshoring (the high-skilled) prefer parties with more neoliberal policy positions, whereas those most threatened by offshoring (the low-skilled) prefer parties advocating a large welfare state.

4.2. Offshoring and Preferences for Party Families

In a next step, we turn to individuals' voting preference for specific party families. As discussed above, we focus on the five most common party families and expect that offshoring affects voters' behavior for parties with a clear and vocal position on the economic dimension (i.e., left, liberal, and conservative parties), but to play a negligible role in explaining voters' propensity to vote for parties who predominantly focus on non-economic issues (i.e., populist right and green parties). Table 3 presents the results of five multi-level probit regressions

where the dependent variable is whether a respondent voted for the respective party family in the last election.

*** Table 3 about here ***

Among the low-skilled, working in a potentially offshorable job significantly increases voters' tendency to vote for a leftist party and decreases the likelihood of voting for a liberal or center-right party, although this effect is not statistically significant. The sizeable and statistically significant interaction terms between job offshorability and education years for all of these parties demonstrate, however, that exposure to offshoring affects voting behavior, and does so especially among the high-skilled. To facilitate the interpretation of the interaction term, figure 3 plots the marginal effects of offshorability on party preferences at different skill levels.[17] In case of left parties, working in a potentially offshorable occupation significantly increases the likelihood of voting for left parties for everyone who enjoyed less than eight years of full-time education. In contrast, respondents with at least twelve years of education are significantly less likely to vote for a left party when they work in an offshorable occupation. This shows that low-skilled individuals exposed to offshoring risks are particularly likely to vote for the traditional advocates of welfare state expansion and redistribution, whereas high-skilled individuals in offshorable jobs are least likely to vote for these parties. Our argument suggests that this latter group should instead vote for liberal or center-right parties as advocates of free-market policies and minimal government intervention in the economy, and our results support this line of reasoning. Figure 3B shows that offshorability significantly increases the propensity to vote for a liberal party for all individuals with at least eleven years of education. Somewhat unexpectedly, offshorability does not have a direct effect on liberal party preferences among the low skilled, possibly reflecting the fact that these parties are unattractive to less privileged voters in general. We find similar effects for center-right parties (i.e., conservative and Christian democratic parties), who tend to push for further liberalization measures although they tend not to propose major cuts in compensation policies. Job offshorability has a negative, though insignificant effect on the voting propensity of low-skilled individuals for centrist parties (see figure 3C). As for the liberal parties, offshoring has a statistically significant effect on the voting behavior of those individuals with at least eleven years of education. Among this group, offshoring increases the propensity to vote for center-

[17] We interpret the effect of the interaction term via marginal effects plots because both size and statistical significance of the estimated coefficient can vary in case of non-linear models (Ai & Norton, 2003).

right parties, and this effect gets larger the more years of full-time education an individual has received.

*** Figure 3 about here ***

Our argument furthermore suggests that exposure to offshoring should increase the difference between low- and high-skilled individuals' voting behavior with regard to these three party families. To investigate differences in the vote gap between these two groups, we calculate the first difference in predicted probabilities between high- and low-skilled respondents for those in occupations sheltered from and those in occupations exposed to offshoring, holding all other variables at their median.[18] We then use this information to calculate the percentage increase (or decrease) in the vote gap between these groups. Table 4 presents the results. For left parties, the difference in predicted probabilities between low- and high-skilled respondents working in non-offshorable occupations is 7.75 percentage points. In contrast, this difference amounts to 14.42 percentage points if voters are exposed to offshoring. Exposure to offshoring thus almost doubles the vote gap between high- and low-skilled voters and this difference in vote gaps is statistically significant at the 1% level. We observe similar effects for the liberal and center-right parties, although the direction of the effect is reversed in these cases because low-skilled voters (at least in offshorable occupations) are less likely to vote for these parties, whereas they were more likely to vote for left parties. For the liberal party family, the vote gap between low- and high-skilled respondents is 1.20 percentage points among those in sheltered occupations and 2.09 percentage points among respondents in exposed occupations, a sizeable 74% increase. The same is true concerning center-right parties. Among those in sheltered jobs, high-skilled voters are more likely to vote for the conservatives than low-skilled voters, leading to a difference in voting propensities of 1.79 percentage points. Among those in offshorable jobs, the vote gap between high-skilled and low-skilled voters more than triples amounting to a difference in voting probabilities of 5.41 percentage points. Taken together, this suggests that job offshorability reverses the difference in voting probabilities for center-right parties between low- and high-skilled individuals reverses by an absolute amount of 3.63 percentage points.

*** Table 4 about here ***

[18] We use 8 and 20 education years respectively, because they represent the 5th and 95th percentile of the education years variable in our sample.

In contrast to the three party families examined so far, we do not expect systematic differences related to offshoring for those parties with a strong focus on non-economic issues, most notably the populist right and green parties. The results presented in columns 4 and 5 in table 3 support these expectations. Whereas the educational background has indeed a strong and statistically significantly effect on individuals' voting preference for these parties – education is negatively correlated with party preferences for the populist right and positively with those for green parties – exposure to offshoring has no such effect. For these two party families, skill-level also does not affect the strong relationship between offshorability and electoral preferences, evidenced by the small and statistically insignificant interaction terms. The marginal effect plots in figures 3D and 3E demonstrate the result that offshorability has no consistent statistically significant conditional effect on voting propensity irrespective of the years of schooling. As a result, the vote gap between high- and low-skilled individuals is almost identical for individuals working in non-offshorable occupations and those working in offshorable occupations (see table 4). All in all, our findings show that offshoring does not increase the popularity of populist right and green parties.

Once more, the control variables are in line with our expectations. Women and respondents living in urban areas are more likely to vote for the left and for green parties. Left parties and the populist right are particularly likely to attract votes from the unemployed. And liberal and center-right parties are more likely to attract high-income voters, whereas poorer respondents are more likely to vote for the left, the populist right, and the Greens. Populist right and center-right parties are especially attractive to respondents who are sensitive towards immigration on cultural grounds. Finally, we find that in general, individuals with lower levels of education are more likely to vote for the left and particularly more likely to vote for the populist right, whereas higher levels of education are associated with a higher propensity to vote for liberal and green parties. Higher overall unemployment rates strengthen electoral support for parties of the left but depress the vote for liberal parties. The same holds for a country's exposure to FDI. Interestingly, FDI seems to dampen the prospects of populist right and green parties.

Once more, we run several robustness checks, and our results are generally robust to them. We start with additionally controlling for other types of labor market risk. Table A4 shows that the expected effects remain robust when controlling for routinization, skill specificity and outsider status. Similarly, altering the sample size or including more control variables does not change this picture (see online appendix). Only in one case, that of the liberal

party family, are the results sensitive to some model specifications, especially when we control for union membership. Furthermore, the interaction term loses its statistical significance both for the liberal and center-right parties if we include ideology. Finally, we test the robustness of our results with regard to the model specification. Our probit specification does not model the simultaneous electoral choice among alternative party families. To check whether our results are sensitive to modeling this aspect of the voting decision, we rerun the analysis using a multilevel multinomial model. Using left parties as the baseline category. The results are robust to this change. For both liberal and center-right parties, we observe a statistically significant positive effect of skills implying that high-skilled individuals are more likely to vote for these parties than for left parties and the interaction term is positive and statistically significant. This means that as before, high-skilled individuals are more likely to vote for liberal parties than for left parties if their job is potentially offshorable.

Overall, these results provide strong support that offshoring has a significant demand-side effect for those political parties with a clear and salient position regarding economic policies of specific relevance with regard to the material effects of offshoring. This effect is particularly noticeable and sizeable for leftist and center-right parties, and prominent but slightly more sensitive to alternative specifications for the liberal parties. Nevertheless, our findings show that offshoring affects individual voting behavior, an effect that is most pronounced among the high-skilled. However, offshoring does not play an important role in voters' calculus when voting for populist right or green parties, who privilege non-economic issues in their partisan agendas. This reinforces our point that it is important to take seriously the fact that many different parties compete in multi-party systems, for some of which, but not for all, the globalization of production is likely to have electoral consequences.

5. Conclusion

Offshoring has become widespread in developed economies and has turned into an increasingly salient topic in public debates. What are the political consequences of this development? Our paper has investigated this question with regard to electoral and partisan politics in multi-party systems. We argue and show that the material consequences of offshoring affect voters' party preferences. However, this effect is far from being uniform: Not only is exposure to offshoring associated with significant differences in party preferences among high-

and low-skilled individuals, it also affects the electoral success of some parties more than others.

We argue that this variation is explained by two important insights: First, the individual-level material consequences of offshoring vary significantly among individuals based on their skill-level and their exposure to offshoring. Offshoring creates both winners and losers, with high-skilled individuals in offshorable jobs benefitting from the opportunities and low-skilled individuals with offshorable jobs exposed to the risks associated with this development. At the same time, individuals working in non-offshorable occupations are sheltered from both the risks and opportunities associated with offshoring. We argue that the resulting variation in the individual consequences of offshoring translates into variation in electoral, and specifically party preferences. Second, especially in multi-party systems, political parties vary widely in their policy positions and the salience they attach to the socio-economic and the cultural dimension of party competition. This means that some parties pursue policies that are particularly relevant for individuals affected – positively or negatively – by offshoring, whereas other parties emphasize policy fields for which offshoring only plays a minor role.

Taken together, this suggests that offshoring affects the voting behavior of some individuals (those exposed to offshoring) for some parties (those with a strong focus on socio-economic policy issues), but has no effect on others, at least when the material consequences are concerned. Our analyses of the determinants of individual electoral preferences for policy positions and party families in 18 European countries over the years 2002 to 2010 confirm this hypothesis. Political parties advocating income redistribution and a strong welfare state (i.e., left parties) are particularly attractive to low-skilled individuals working in offshorable occupations. In contrast, parties with a more market-liberal policy profile (i.e., liberal and center-right parties) attract the beneficiaries of offshoring, namely high-skilled individuals in offshorable occupations. Finally, as parties emphasizing policy fields unrelated to the globalization of production, offshoring does not affect the electoral fortunes of populist right and green parties.

Our study contributes to the study of the effects of globalization on national politics more generally. In particular, it speaks to two ongoing debates: The first is the debate about the influence of globalization on individual voting behavior (for a summary, see Kayser, 2007). Several authors have argued that globalization reduces the importance of economic issues on vote choice, because it constrains governments' room to maneuver in economic policymaking (e.g., Ross, 2000; Hellwig & Samuels, 2007; Steiner & Martin, 2012). While this may be true in the aggregate, our results suggest that there is much more nuance in individual

voting behavior than these studies suggest. Globalization does not affect all voters in a uniform manner, but its consequences vary widely within the electorate. Both globalization losers and winners seem quite aware of the specific economic and social policy packages different parties offer, and vote accordingly. Moreover, by stressing that the material consequences of offshoring matter for voting decisions, our analysis challenges studies that claim that individual voting behavior and policy preferences are influenced mostly by non-material issues rather than voters' material self-interest related to globalization (e.g. Hellwig & Samuels, 2007; Duch & Stevenson, 2008; Hellwig, 2008; Mansfield & Mutz, 2009; 2013). A final contribution to this debate is our focus on the electoral dynamics related to party-politics, rather than a focus on voting behavior vis-à-vis incumbent policymakers.

Because of this, our paper also contributes to a second debate, the debate about the influence of globalization on party competition. A large literature shows that globalization affects partisan politics in developed countries (Boix, 1998; Garrett, 1998; Swank, 2002; Kriesi et al., 2008; Adams, Haupt, & Stoll, 2009; Haupt, 2010b; Ward, Ezrow, & Dorussen, 2011; Burgoon, 2012b). Nonetheless, researchers have lamented the lack of attention to how the effects of globalization on public opinion indirectly affect party competition (Ward et al., 2011) and have emphasized the need for further research on globalization's impact on political parties, particularly on parties of the center and right (Adams et al., 2009). Our analysis provides such an analysis by showing that the impact of offshoring varies strongly across party families and providing a theoretically grounded explanation for this finding. Because our analysis goes beyond the classic left-right divide, our findings are particularly relevant for the majority of countries characterized by multi-party systems. Importantly, our analysis shows that the material consequences of offshoring are not a salient issue for one party family that has been frequently characterized as catering to globalization losers, the populist right (Mughan et al., 2003; Kriesi et al., 2008). In contrast, we find that these parties appeal to low-skilled workers in general, irrespective of whether they work in occupations exposed to or sheltered from offshoring. One possible explanation is that low-skilled individuals are pressured both by the globalization of production (in the form of offshoring-risk) and by the globalization of labor (in the form of labor market competition from migrants), which creates labor market risks for low-skilled workers across the board (Dancygier & Walter, 2015). Populist right parties appeal to the losers of globalization as a more general phenomenon, comprising the globalization of production, labor, and culture, who seem to share a general distrust of anything foreign. In contrast, leftist, liberal, and center-right parties advocate policies that specifically benefit the losers and winners from offshoring, but not necessarily those affected

by other forms of globalization. For these parties, we observe a distinct effect of offshoring as a specific type of globalization. Our results thus show that for some voter subgroups, the different types of globalization pressures are important, whereas they matter less for other groups, whereby the interrelationship between these different globalization types is likely to be a promising avenue for future research.

Overall, our findings underline the importance of distinguishing between specific types of globalization, their specific individual-level effects and different types of parties. When this is taken into account, offshoring has clear and identifiable effects on voters' electoral preferences and on party politics more generally.

Figure 1: Distribution of Education Years, Conditional on Offshorability

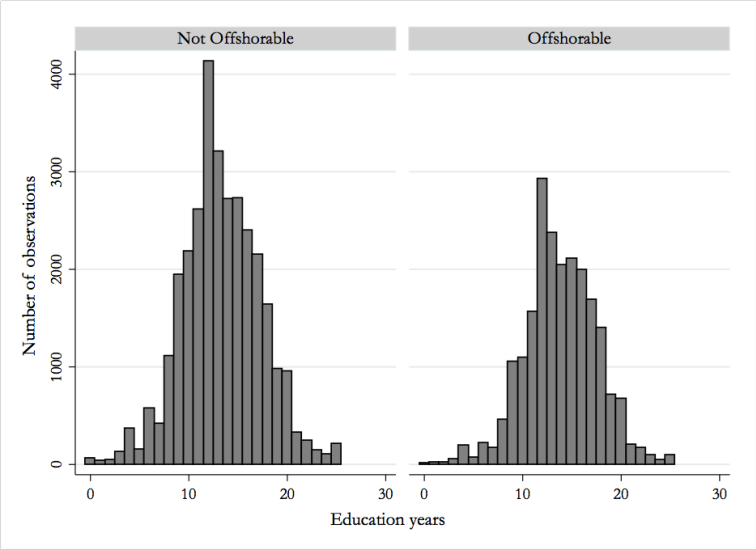
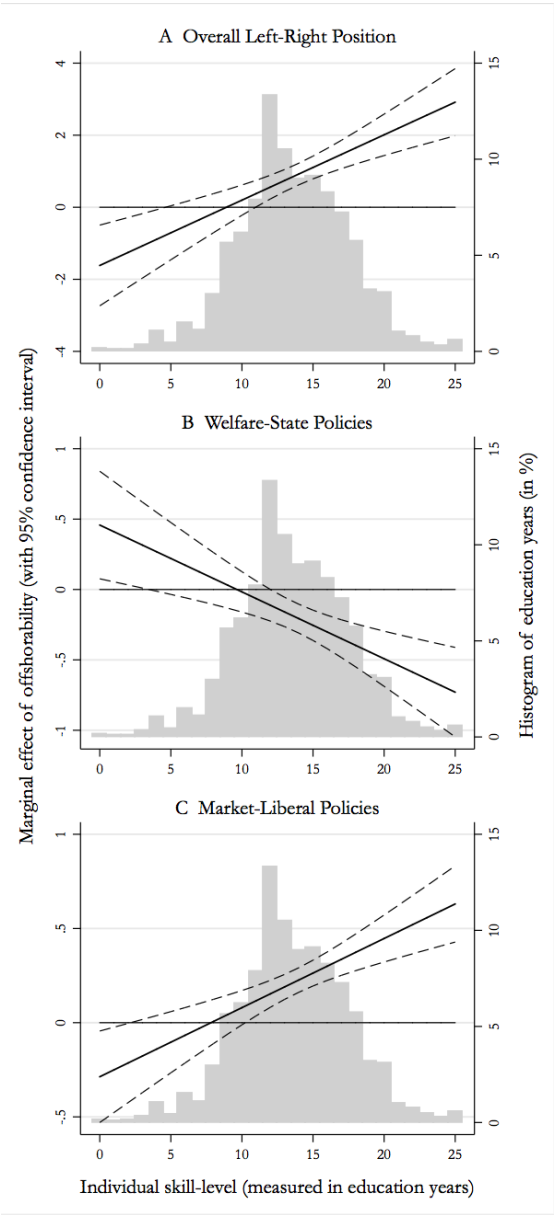
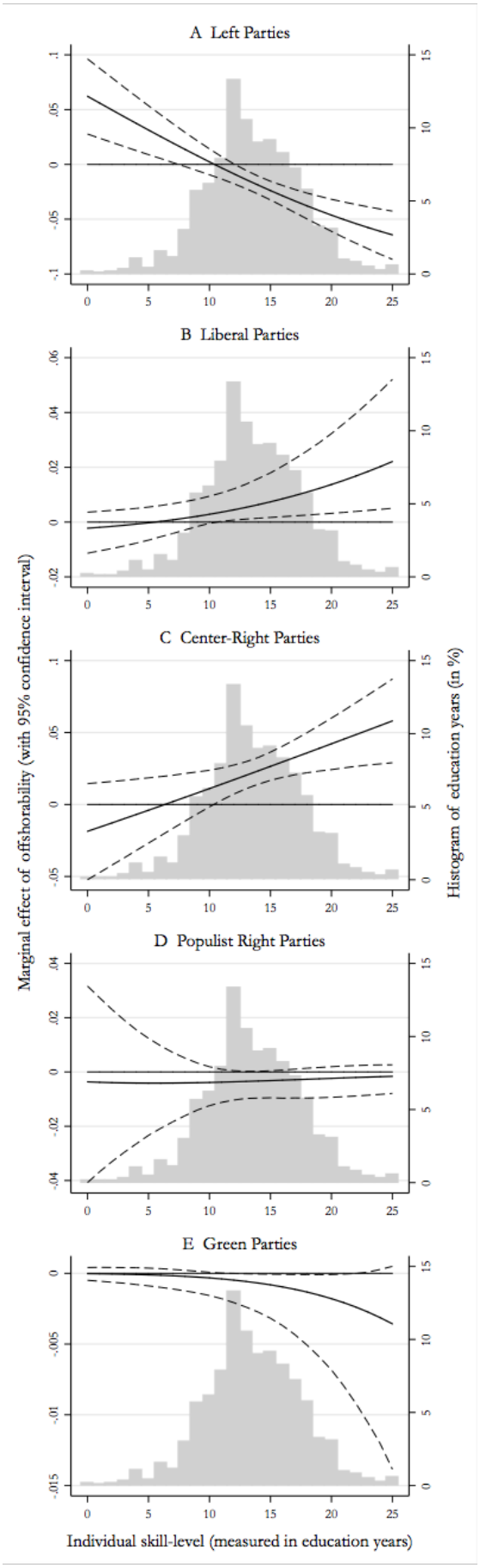


Figure 2: Conditional Effect of Offshorability on Voting for Partisan Policy Positions



Notes: Marginal effect of offshorability on different partisan policy positions based on models reported in table 2. Graphs based on STATA code developed by Brambor et al. (2006).

Figure 3: Conditional Effect of Offshorability on Voting for Party Families



Notes: Marginal effect of offshorability on preferences for different party families, based on models reported in table 3. Graphs based on STATA code developed by Brambor et al. (2006)

Table 1: Expected Effect of Offshorability on Party Preferences, Conditional on Skill-Level

	Low-skilled individuals	High-skilled individuals
Left-Right Position	–	+
Welfare-State Policies	+	–
Market-Liberal Policies	–	+
Left Parties	+	–
Liberal Parties	–	+
Center-Right Parties	–	+
Populist Right Parties	0	0
Green Parties	0	0

Table 2: Determinants of Individual Preferences for Policy Positions

	Overall left-right scale	Welfare-state policies	Market-liberal policies
Education years	-0.104***	-0.003	-0.029***
	(0.03)	(0.01)	(0.01)
Offshorability	-1.616***	0.458**	-0.287**
	(0.57)	(0.19)	(0.12)
Education x Offshorability	0.181***	-0.047***	0.037***
	(0.04)	(0.01)	(0.01)
Income	0.510***	-0.163***	0.086***
	(0.04)	(0.01)	(0.01)
Female	-1.713***	0.410***	-0.315***
	(0.15)	(0.05)	(0.03)
Age in years	-0.235***	0.074***	-0.039***
	(0.04)	(0.01)	(0.01)
Age squared	0.002***	-0.001***	0.000***
	(0.00)	(0.00)	(0.00)
Unemployed	-1.511***	0.444***	-0.277***
	(0.34)	(0.11)	(0.07)
Urban area	-1.427***	0.334***	-0.196***
	(0.16)	(0.06)	(0.04)
Anti-immigration attitude	1.309***	-0.267***	0.204***
	(0.03)	(0.01)	(0.01)
Unemployment rate	-0.072	-0.248***	0.049***
	(0.06)	(0.02)	(0.01)
FDI stock	0.068***	-0.008***	0.002***
	(0.00)	(0.00)	(0.00)
# of respondents	46075	46075	46075
# of countries	18	18	18
R^2 (overall)	0.073	0.058	0.012
Prob > Chi^2	0.000***	0.000***	0.000***

Multilevel OLS estimates with standard errors in parentheses.

Level of statistical significance: * p≤0.10; ** p≤0.05; *** p≤0.01.

Table 3: Determinants of Individual Preferences for Party Families

	Left	Liberal	Center-Right	Populist Right	Green
Education years	-0.017***	0.019***	0.004*	-0.049***	0.049***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Offshorability	0.159***	-0.052	-0.051	-0.018	-0.013
	(0.04)	(0.07)	(0.05)	(0.08)	(0.08)
Education x Offshorability	-0.015***	0.009**	0.008**	-0.002	-0.003
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)
Income	-0.033***	0.040***	0.042***	-0.023***	-0.045***
	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Female	0.054***	-0.053***	-0.030**	-0.214***	0.216***
	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)
Age in years	0.029***	-0.016***	-0.019***	-0.004	0.008
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)
Age squared	-0.000***	0.000***	0.000***	-0.000	-0.000***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Unemployed	0.138***	-0.131***	-0.151***	0.132***	0.018
	(0.03)	(0.04)	(0.03)	(0.05)	(0.04)
Urban area	0.102***	-0.014	-0.187***	-0.017	0.221***
	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)
Anti-immigration attitude	-0.060***	-0.004	0.048***	0.175***	-0.127***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Unemployment rate	0.021***	-0.056***	-0.010**	-0.011	-0.002
	(0.00)	(0.01)	(0.00)	(0.02)	(0.01)
FDI stock	0.001***	-0.002***	0.001***	-0.001***	-0.001**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
# effective parties	-0.102***	-0.012	0.014	0.069***	0.107***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)
# of respondents	52629	52629	52629	52629	52629
# of countries	18	18	18	18	18
R^2 (McKelvey/Zavoina)	0.063	0.023	0.045	0.123	0.083
Prob > Chi^2	0.000***	0.000***	0.000***	0.000***	0.000***
BIC	66685.14	31539.77	61652.81	17296.23	22420.72
Log likelihood	-33239.30	-15666.61	-30723.13	-8544.84	-11107.08

Multilevel probit estimates with standard errors in parentheses.

Level of statistical significance: * p≤0.10; ** p≤0.05; *** p≤0.01.

Table 4: Substantial Effect of Offshorability, Conditional on Skill-Level

	(I) Difference in voting probability between low- and high-skilled respondents in non-offshorable jobs	(II) Difference in voting probability between low- and high-skilled individuals in offshorable jobs	(III) = (II – I) Change in voting probability between low- and high-skilled due to offshorability	(IV) Change in voting probability between low- and high-skilled due to offshorability in percent
Left	7.75	14.42	6.67***	86.12
Liberal	-1.20	-2.09	-0.89	74.36
Center-Right	-1.79	-5.41	-3.63**	203.06
Populist Right	1.19	1.11	-0.07	6.18
Green	-1.49	-1.20	0.29	19.50

Predicted probabilities are based on the models reported in table 3, with control variables held at their median. Low-skilled individuals have 8 (5^{th} percentile) education years, high-skilled individuals 20 (95^{th} percentile). A positive difference implies that low-skilled individuals are more likely to vote for the respective party family. Level of statistical significance: * $p \leq 0.10$; ** $p \leq 0.05$; *** $p \leq 0.01$.

Appendix

Table A1: Operationalization and Summary Statistics

	Operationalization	N	Mean	Sd.	Min.	Max.
Dependent Variables						
Overall left-right scale	Variable rile from Volkens et al. (2013), matched on the basis of ESS question B14 in 2002 and B12 in 2004-2010	80832	-5.67	17.79	-48.00	72.50
Welfare-state policies	Variable welfare from Volkens et al. (2013), see above	80257	14.74	7.11	1.03	41.98
Market-liberal policies	Variable markeco from Volkens et al. (2013), see above	80832	3.18	3.61	0.00	21.95
Left vote	ESS question B14 in 2002 and B12 in 2004-2010	92927	0.39	0.49	0.00	1.00
Liberal vote	ESS question B14 in 2002 and B12 in 2004-2010	92927	0.11	0.31	0.00	1.00
Center-right vote	ESS question B14 in 2002 and B12 in 2004-2010	92927	0.37	0.48	0.00	1.00
Populist right vote	ESS question B14 in 2002 and B12 in 2004-2010	92927	0.05	0.23	0.00	1.00
Green vote	ESS question B14 in 2002 and B12 in 2004-2010	92927	0.06	0.23	0.00	1.00
Independent Variables						
Education years	ESS question F7 in 2002-2008 and F16 in 2010	150116	12.06	4.27	0.00	25.00
Job offshorability (binary: category 1 is non-offshorable)	Blinder (2009), matched on the basis of ISCO-code	135567	0.38	0.49	0.00	1.00
Individual-Level Control Variables						
Income	ESS question F30 in 2002, F32 in 2004-2008 and F41 in 2010	115009	-0.03	2.37	-8.00	8.00
Female	ESS question F2 in 2002-2010	151758	0.53	0.50	0.00	1.00
Age (in years)	ESS question F3 in 2002-2010	151313	47.25	18.46	12.00	123.00
Unemployed	ESS question F8a in 2002-2008 and F17a in 2010	151888	0.06	0.23	0.00	1.00

Urban area	ESS question F5 in 2002-2008 and F14 in 2010	151464	0.32	0.47	0.00	1.00
Cultural attitudes against immigration	ESS question D28 in 2002 and B39 in 2004-2010	146872	4.98	2.48	0.00	10.00
Routinization	Acemoglu and Autor (2011), matched on the basis of ISCO-code	113080	-0.21	1.02	-3.15	2.83
Skill specificity	Iversen (2001), matched on the basis of ISCO	135567	1.17	0.68	0.48	4.11
Outsider status	ESS question F14 in 2002-2008 and F23 in 2010	151888	0.12	0.32	0.00	1.00
Country-Level Control Variables						
Unemployment rate	OECD (2013); harmonized unemployment rate	151888	7.12	3.06	2.52	20.06
FDI stock	UNCTAD (2013); sum of in-ward and outward FDI stocks in % of GDP	151888	108.42	67.49	16.66	301.95
Effective # of parties	Bormann and Golder (2013); effective number of electoral parties (without other parties)	151888	3.99	1.54	2.15	9.07

Table A2: Party Family Classification

	Code	Schmidt (2010, 2012) classification	Volkens et al. (2013) classification
Left	1	Social democratic Communist Socialist	Social democratic Communist
Liberal	2	Liberal	Liberal
Center-Right	3	Conservative Christian democratic Non-religious center	Conservative Christian democratic
Populist Right	4	Right	Nationalist
Green	5	Green	Ecology
Other	0	Regional Agrarian Other	Ethnic/regional Agrarian Special issue Other

Table A3: Determinants of Individual Preferences for Policy Positions – Robustness

	Overall left-right scale	Welfare-state policies	Market-liberal policies
Education years	-0.275***	0.126***	-0.021***
	(0.03)	(0.01)	(0.01)
Offshorability	-1.956***	0.967***	-0.195
	(0.68)	(0.27)	(0.14)
Education x Offshorability	0.224***	-0.099***	0.027***
	(0.05)	(0.02)	(0.01)
Income	0.613***	-0.293***	0.044***
	(0.04)	(0.02)	(0.01)
Female	-2.099***	0.408***	-0.444***
	(0.19)	(0.08)	(0.04)
Age in years	-0.211***	0.077***	-0.031***
	(0.05)	(0.02)	(0.01)
Age squared	0.002***	-0.001***	0.000***
	(0.00)	(0.00)	(0.00)
Unemployed	-0.480	-0.013	-0.062
	(0.41)	(0.16)	(0.08)
Urban area	-2.194***	0.554***	-0.244***
	(0.20)	(0.08)	(0.04)
Routinization	0.213**	-0.100**	0.032
	(0.10)	(0.04)	(0.02)
Skill specificity	-0.778***	0.399***	-0.037
	(0.17)	(0.07)	(0.04)
Outsider status	-1.437***	0.342***	-0.261***
	(0.30)	(0.12)	(0.06)
Unemployment rate	-0.241***	-0.088***	-0.184***
	(0.03)	(0.01)	(0.01)
FDI stock	0.040***	0.006***	-0.002***
	(0.00)	(0.00)	(0.00)
# of respondents	38392	38392	38392
# of countries	18	18	18
R^2 (overall)	0.049	0.062	0.036
Prob > Chi^2	0.000	0.000	0.000

Multilevel OLS estimates with standard errors in parentheses.

Level of statistical significance: * p≤0.10; ** p≤0.05; *** p≤0.01.

Table A4: Determinants of Individual Preferences for Party Families – Robustness

	Left	Liberal	Center-Right	Populist Right	Green
Education years	-0.004	0.014***	-0.008***	-0.052***	0.061***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Offshorability	0.139***	-0.039	-0.056	-0.048	0.068
	(0.05)	(0.07)	(0.05)	(0.09)	(0.09)
Education x Offshorability	-0.015***	0.011**	0.008**	-0.006	-0.007
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)
Income	-0.025***	0.032***	0.037***	-0.022***	-0.042***
	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Female	0.088***	-0.074***	-0.055***	-0.253***	0.225***
	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)
Age in years	0.031***	-0.016***	-0.023***	-0.009	0.012**
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)
Age squared	-0.000***	0.000***	0.000***	0.000	-0.000***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Unemployed	0.091***	-0.123***	-0.099***	0.109**	0.008
	(0.03)	(0.05)	(0.03)	(0.05)	(0.05)
Urban area	0.125***	-0.026	-0.204***	-0.043*	0.258***
	(0.01)	(0.02)	(0.01)	(0.03)	(0.02)
Routinization	0.050***	-0.020*	-0.038***	0.110***	-0.071***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Skill specificity	0.066***	-0.091***	-0.080***	0.096***	-0.014
	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)
Outsider status	0.041**	-0.005	-0.100***	-0.033	0.145***
	(0.02)	(0.03)	(0.02)	(0.04)	(0.03)
Unemployment rate	0.021***	-0.054***	-0.010**	-0.027	-0.006
	(0.00)	(0.01)	(0.00)	(0.02)	(0.01)
FDI stock	0.001***	-0.002***	0.001***	-0.001**	-0.001*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
# effective parties	-0.106***	-0.014	0.024	0.063**	0.116***
	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)
# of respondents	44062	44062	44062	44062	44062
# of countries	0.060	0.026	0.047	0.068	0.063
R^2 (McKelvey/Zavoina)	0.000	0.000	0.000	0.000	0.000
Prob > Chi^2	55967.89	25297.23	51903.51	15407.68	19142.87
BIC	-27871.66	-12536.33	-25839.47	-7591.56	-9459.15
Log likelihood	-0.004	0.014***	-0.008***	-0.052***	0.061***

Multilevel probit estimates with standard errors in parentheses.

Level of statistical significance: * p≤0.10; ** p≤0.05; *** p≤0.01.

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