Research Statement

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How does globalization, i.e., the increasing movement of goods, capital and labor across national borders, change domestic politics? This is the core question that motivates my research. Contrary to the conventional wisdom that globalization changes the configuration of economic interests in domestic politics (i.e., the demand-side of policy), my research demonstrates the importance of understanding legislators’ incentives for political survival in shaping governments’ responses to globalization. I have studied this question cross-nationally as well as using originally-designed survey experiments and micro-level data within individual countries, particularly Japan.

Specifically, I have developed three research programs that address this overarching question:

I. Globalization and Coalition-Building in Domestic Politics
II. Political Institutions and Special Interest Politics
III. Multilateralism/Legalization and Domestic Politics

For each of the programs, I describe representative peer-reviewed publications and ongoing research below. All papers referenced in this statement (except for book manuscripts) are available at: http://www.polisci.ucsd.edu/~mnaoi/research/research.html

I. Globalization and Coalition-Building in Domestic Politics

This research program examines (i) how party leaders in democracies build majority coalitions for an open economy or protectionism in legislatures and (ii) how this coalition-building process (side-payments and political persuasion) affects citizens’ attitudes toward globalization. Scholars have seldom asked these questions despite the fact that almost all policy changes in democracies, including those that pertain to globalization, require majority support from legislators to become law.

My principal contribution to this question is a solo-authored book, Building Legislative Coalitions for Globalization in Asia, forthcoming at Cambridge University Press. This book explains the drastic reduction in barriers to foreign trade after World War II, during which party leaders used side-payments to buy off legislators’ support for an open economy. I develop a novel approach to globalization, Globalization as Legislation, which predicts party leader choices among coalition-building strategies as well as their side-payment allocations to backbenchers under different electoral rules and party systems. I test this prediction using new commodity and district-level data on trade liberalization and side-payment allocations from Japan and Thailand. The book demonstrates that these newer democracies, with legacies of import-substitution strategies, achieved liberalization not despite the presence of interest group capturing and the entrenchment of legislators, but rather because of them. In the presence of interest group pressure, party leaders were able to channel legislators’ rent-seeking incentives in the process of building majority coalitions for an open economy through the allocation side-payments. I further show that this side-payment allocation was based on the political needs of party leaders and backbenchers, not based on the sheer economic needs of industry or citizens (a la the compensation hypothesis), which resulted in the allocation favoring districts that incurred marginal net losses from liberalization. This approach and the findings therein break away from the conventional “insulation” argument regarding post-war liberalization, which considers politicians to be an obstacle to liberalization and credits the strong bureaucracy or president for liberalization.
My second extension is to examine the effect of legislative politics on public attitudes toward globalization. Majority coalition-building in a legislature requires bringing swing legislators (who are undecided about globalization) into the coalition through the use of side-payments (the focus of my book), persuasion and policy campaigns. This process can affect citizen attitudes toward globalization by exposing them to competing political discourse about the policy, yet, we still know very little about how this persuasion works. My contribution has been to develop and test different micro-mechanisms for how political persuasion affects the public’s support for agricultural protectionism. Using a novel survey experiment, Naoi and Kume (2011) show the emergence of a “coalition of losers” between workers with low job security and farmers, who support high agricultural prices in Japan. Workers with low job security paradoxically support agricultural protectionism because agriculture symbolizes declining industry and job losses and hence triggers the fears of job losses among workers (which we call “projection mechanism”). In subsequent work (Naoi and Kume 2013), we further show that this projection mechanism works through individual psychology, not through a coalition of existing socio-economic organizations (such as labor unions, consumer cooperatives, and partisanship). These findings underscore the importance of understanding coalition formation at the micro as well as macro-level, and thereby address issues that have not been sufficiently explored since the classic works of Gourevitch (1986) and Rogowski (1989).

I am currently extending this research program in the following directions.

A. Consumer Interests in the Global Economy

*What shapes consumer attitudes towards globalization and how do they influence government responses to the global economy?* These are important questions because emerging research, including my own (Kuno and Naoi 2012, Naoi and Kume 2013), documents declining roles of class and sectoral-based organizations in shaping the government responses to the global economy.

I am currently working on two projects addressing this question. The first is my second solo-authored book project, *“Voting with the Wallet: Global Consumers and the New Politics of Economic Crisis”*. This book project asks: Why did we observe relatively stable mass support for the open economy, despite scholarly and media concern over the rise of protectionism during the 2007-2009 global recession? This book seeks to explain the puzzling lack of a protectionist backlash during the financial crisis, using new cross-national data, as well as results from original experiments conducted in the United States and Japan – two economies that were heavily affected by the crisis. I argue that consumers, who have vested interests in the global economy, served as a vehicle of resistance towards protectionism in the face of strong protectionist demands from producers. I further show that what differentiates the 2007-2009 crisis from previous world-wide crises is that Chinese exports have sustained and fueled consumers’ commitment to an open economy.

The Project Status: Completed 50% of research, 20% of writing. Completed meetings with two university presses and plan to submit the manuscript for review by fall, 2013. This book project has been supported by the SSRC/Abe Fellowship ($73,600; PI Naoi), the Japanese government’s Grand-in-Aid for Scientific Research ($300,000; PI Ikuo Kume) and the UCSD’s Committee on Research Grants ($30,000 for the U.S. surveys with Gary Jacobson this coming fall; PI Naoi). The paper summarizing the gist of this book has been invited for revision and resubmission at *World Politics*.

The second project examines the public health consequences of the government efforts to mobilize support for an open economy among low-income consumers. Nita Rudra and I examine the cross-national prevalence of obesity as an unintended consequence of government efforts to compensate low-skilled workers for losses incurred by globalization. This paper will be presented at the annual meeting of American Political Science Association this fall.
B. Experimental Research on Political and Business Elites

Is political persuasion and framing effective in changing the minds of political and business elites? While emerging research has shown that less educated respondents are more sensitive to political framing, political and business elites might be equally or even more sensitive to such framing due to social desirability bias, high exposure to political discourse and the dense communication that exists among elites.

With this question in mind, I have conducted two original surveys with experimental manipulations that target Japanese elites. The first was a survey of business owners and executives in Japanese manufacturing and service industries, on their expectations about the Trans-Pacific Partnership Agreement (TPP), a preferential trade agreement with nine countries currently under negotiation. The survey was conducted with Arata Kuno, Michael Plouffe (UCSD graduate student) and Ikuo Kume. This survey leveraged regional variation in anti-TPP campaigns that were run by prefectural governments, in order to estimate the effect of the policy campaigns on firm owners’ attitudes. We found that firm owners operating in negative-campaign prefectures expressed, on average, 15 percentage points more negative expectations about the effect of TPP. Our findings also lend strong support to Melitz’s (2003) trade theory of heterogeneous firms and weak support to the sector-based trade model. The results are summarized in a working paper, currently in the final revision for submission to a journal (Kuno and Naoi, 2012).

The second was a survey experiment on Japanese Lower-House legislator support for agricultural protectionism, conducted before the 2009 election. The experiment manipulated the framing of different rationales for protecting agriculture (to protect farmer jobs vs. protect consumer safety) and elicited the legislators’ support for agricultural protectionism. The preliminary results, presented at annual meeting of International Political Economy Society, suggest that “protect farmer jobs” framing mobilized urban legislators’ support for protectionism by 38 percentage points –in essence, making urban legislators think like rural legislators (Naoi 2011).

Works Cited for This Section

Peer-reviewed Publications:


Under Review & Projects in Progress:


II. Political Institutions and Special Interest Politics

This research program examines the effects of political institutions, such as electoral systems and party systems, on interest group behavior. Understanding interest group behavior is the central pillar of political economy research, yet, comparative analyses of interest groups under different institutional arrangements are rare. My contribution to this literature has been two-fold. First, I have shown, along with Ellis Krauss (UCSD), that interest group lobbying is best considered as an effort to enforce and monitor contracts with legislators, and that electoral systems (i.e., majoritarian vs. proportional) affect lobbying strategies by making some contracts more enforceable than others (Naoi and Krauss 2009). Second, we have demonstrated that programmatic party systems, when combined with low informational environments, produce higher policy uncertainty for firms than clientelistic party systems (Kenyon and Naoi 2010). I am currently pursuing extensions of this research program in the following directions:

A. Two-party Competition and Special Interest Politics

*How are pork barrel politics and policy position-taking of legislators related?* Kearney and Naoi (2012) ask whether electoral competition based on pork and/or policy represents a trade-off or a complementary strategy for political candidates in mixed electoral systems, such as Japan. Applying multidimensional scaling techniques to candidate survey data from Japan, we demonstrate that the presence of pork in a given district tends to diminish the policy distance between the incumbent and the opponent in the economic policy dimension, yet, pork widens the distance for the security policy dimension. This paper is currently under review at a peer-reviewed journal (Kearney and Naoi 2012).

B. The Government’s Assistance to Firms under Alternative Electoral Systems

With two economists, Takeo Hoshi (UCSD) and Satoshi Koibuchi (Chuo University), I am exploring the effect of electoral systems on the government’s decision to grant financial loans to small and medium sized firms during Japan’s lost two decades. Japanese Upper-House elections provide an ideal research design to test this: they utilize both single-member and multi-member districts and expose only half of the representatives to elections every three years. We are currently matching a large-scale dataset of financial conditions and the borrowings of Japanese small and medium sized firms (250,000 firms per year) with municipality-level electoral data since 1990. This dataset will likely generate several articles that advance our understanding of how electoral competition affects government intervention in the market and the effect of this intervention on firm productivity.

Works Cited for This Section

*Peer-reviewed Publications:*

2: Tom Kenyon and Megumi Naoi. 2010.“Policy Uncertainty in Hybrid Regimes: Evidence from

**Under Review & Projects in Progress**


### III. Multilateralism/Legalization and Domestic Politics

This research program examines the effect of international law and multilateral agreements on domestic politics. My contribution here has been three-fold. First, contrary to the conventional wisdom that international trade has become increasingly legalized and multilateralized under the WTO, I demonstrate that domestic electoral politics account for the government’s decision to use GATT/WTO-compliant policy instruments, such as escape clauses and anti-dumping duties, for trade protection (Naoi 2009). This article introduced the basis for later dissent against the arguments of Keohane, Macedo and Moravcsik (*IO*, 2009). Along with Erik Gartzke, I argue that multilateralism does not “enhance” democratic procedures but rather undermines them by either insulating the policy-making process from majoritarian preferences or fueling special interest politics (Gartzke and Naoi, 2011). Finally, in a policy paper prepared for legislators and trade negotiators in Japan and the U.S., we show that smaller multilateral agreements, such as the Trans-Pacific Partnership Agreement, offer a more politically feasible and economically beneficial “middle ground” than bilateral or WTO-based liberalization for both Japanese and American governments (Lowell et al. 2012). I am currently pursuing the following extensions in this research program:

#### A. Legalization and Domestic Politics in Authoritarian Systems

*How do authoritarian regimes, that generally lack transparency and democratic accountability, enforce international trade agreements?* Continuing the theme of trade instrument choice developed in Naoi (2009), I examine the Chinese government’s choice between a transparent and market-driven mechanism and discretionary and government-led enforcement mechanism for export restraint agreements with the United States, Japan and South Korea. Using new commodity-level data on the Chinese government’s trade instrument choices, I show that the Chinese government chooses a transparent and market-driven mechanism to deter collusion between industries with high political clout and local-government officials. This paper is in revision for submission to a journal.

#### B. Individual Support for Bailout Programs for Losers: Coordinated Survey Experiments

*Does citizen support for a government’s bailout program increase or decrease if citizens attribute blame for the economic conditions to the government, as opposed to something apolitical (e.g., natural disaster or technological change)?* This question is critical to understanding the conditions under which multilateral liberalization fuels or tempers the domestic demands for compensation (Gartzke and Naoi 2011). With this question in mind, I designed coordinated survey experiments in Japan (completed, March 2012) and the United States (forthcoming, Winter 2012 with the Cooperative Congressional Election Study) that manipulate the causes of industry’s financial losses (natural disaster vs. multilateral trade agreement) as well as who suffered from it (farmers, manufacturing industries, etc) and gauge respondent’s support for government bailout programs “using tax payer dollars”. The preliminary finding from the Japanese experiment is that those who perceived the government to have some influence over the contents of the multilateral agreement are more likely to support the bailout –suggesting a micro
foundation for why powerful countries in the multilateral negotiations (such as the United States) are often the most vulnerable to the demand for compensation from special interest groups at home.

**Peer-reviewed Publications:**


**Working Paper & Projects in Progress:**