

Don't Just Blame Trump for GM's Layoffs—Blame GM

Tariffs could mean a 2M drop in car sales and cost 715,000 jobs, warns auto industry group

GM plant closing not expected to stall Detroit's rebound

GM to kill Chevrolet Volt, Cruze, Impala as Americans ditch passenger cars

Framing Layoffs:

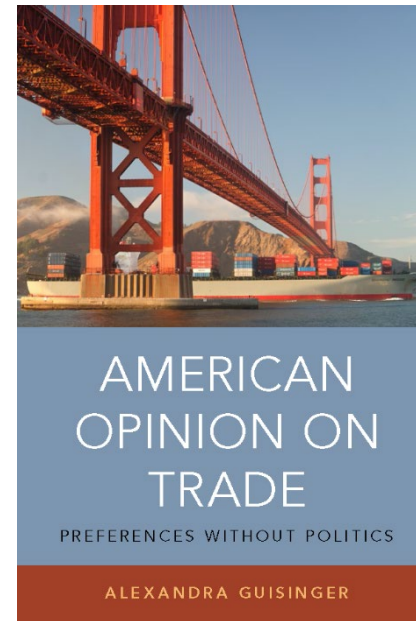
Media Coverage, Blame Attribution, and Trade-Related Policy Responses

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Does it matter who the public blames for factory closings?



GM Lordstown plant closing: Ohio U.S. Sens. Rob Portman and Sherrod Brown meet with CEO Mary Barra
Sherrod Brown is a Democrat, Rob Portman a Republican. Both want to save an Ohio auto plant. *Cincinnati Enquirer*

POLITICS

GM Lordstown plant: Ohio's U. S. Senators Rob Portman, Sherrod Brown meet with GM chief Mary Barra over factory closing

Padmanada Rama and Julie Carr Smyth Associated Press
Published 8:44 a.m. ET Dec. 6, 2018 | Updated 8:47 a.m. ET Dec. 6, 2018



Donald J. Trump @realDonaldTrump · 11h

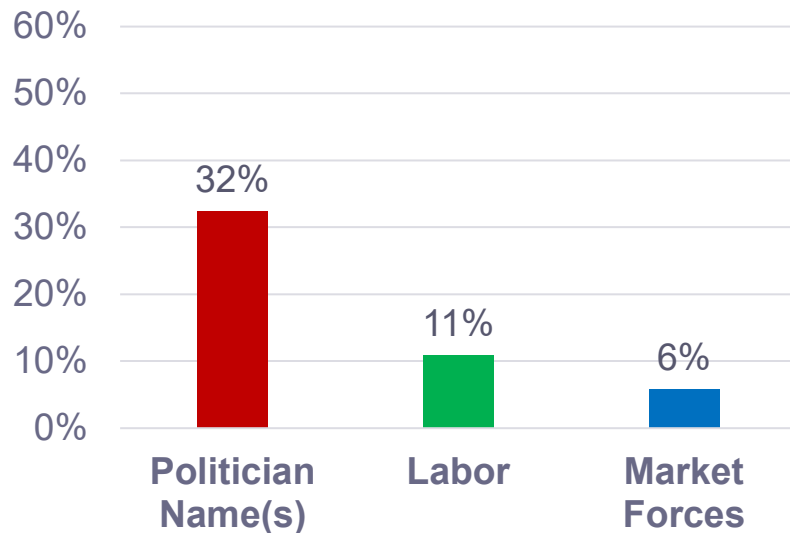
Just spoke to Mary Barra, CEO of General Motors about the Lordstown Ohio plant. I am not happy that it is closed when everything else in our Country is BOOMING. I asked her to sell it or do something quickly. She blamed the UAW Union — I don't care, I just want it open!

19K 18K 79K

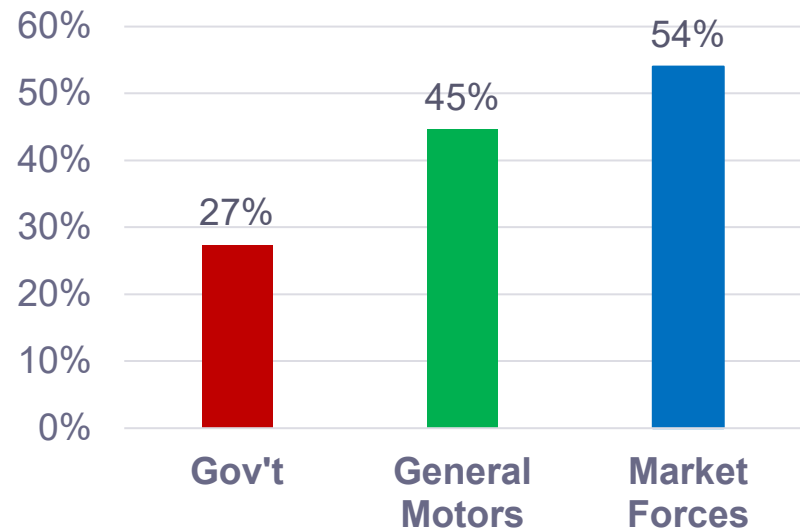
- Politicians – and not just Donald Trump – spend a lot of time pointing fingers.
- The press carries these messages, but unequally

Sample of Media Coverage

Headline Terms



Mentioned causes



How might the frames matter?

- Individual event job losses are relatively small and concentrated, yet nationally publicized
 - Lordstown Assembly, Ohio: 1,618 jobs lost
 - Oshawa Assembly, Ontario 2,900 jobs lost
- Blame attribution influences political accountability
 - A primary concern for scholars of retrospective voting (see Healy and Malhotra 2013)
 - An explanation for the politicians' finger pointing (Stiers 2021).
- But does it influence support for trade-related policies?
 - Barriers to trade
 - Government assistance for affected workers

Why might frames matter for trade-related policies?

- Complex attribution process
 - Local Government, National Government, Foreign Governments, Corporate Management, Consumer Behavior...
 - Leaves room for adjudication by media (Ecker-Ehrhardt 2010)
 - Is the Government even responsible?
- Potential for backlash
 - Focusing on the specific plight of individuals can be counter-productive
 - Iyengar and Kinder (2010) “vivid” descriptions of affected societal actors diminished support for a national response
 - Guisinger (2017) personalized description of trade-affected workers decreased support for trade protection (compared to factory-level discussion)

Research design

- Survey experiment fielded on diverse national samples in the **United States** and **Canada**
 - Fielded by Dynata in **July 2020**, during the Covid-19 pandemic
 - Approximately 6,000 respondents after attention check
 - Sample selected for survey invitations using population targets

Factory closing frames

- Subjects randomly assigned 1 of 5 common news descriptions of General Motor's November 2018 plant closing announcement
 - **Control**; **Changing market conditions**; **Tariffs bad**; **Tariffs good**; **Pandemic** (not in our original plan circa January 2020!)
- Follow-up questions included
 - Have you followed this story?
 - Who is to blame?
 - Do you favor or oppose reducing barriers to trade?
 - Which of the following [government assistance programs] should be available to GM workers
- Collected demographics such as age, income, area of employment, gender

Control

General Motors to close Canadian and U.S. plants



General Motors made a major announcement saying it will close numerous assembly plants, including Oshawa in Ontario and Lordstown in Ohio. The plan will help save the company \$6 billion, according to GM.

Thousands of jobs are at stake, with at least 1,500 people set to lose their job at each plant. According to a spokesperson for GM, the plants will be unallocated, which means they will no longer produce vehicles in those plants. Vehicle lines made at the targeted facilities will be terminated.

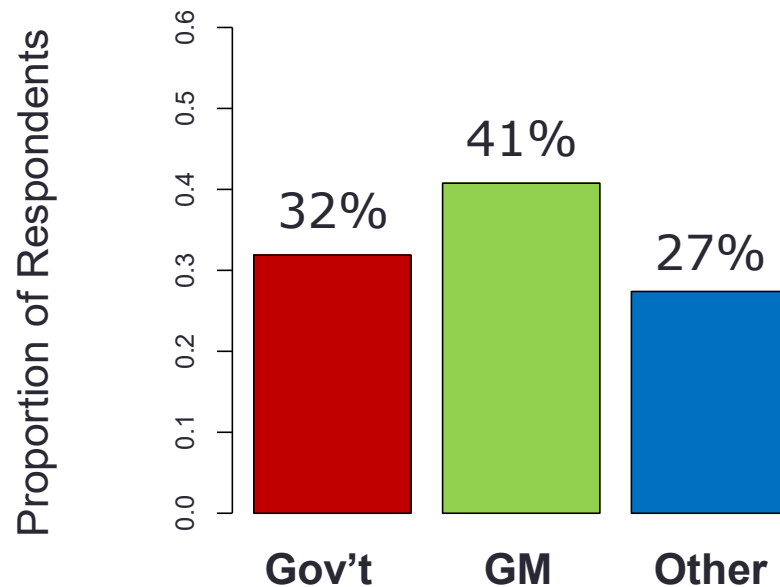
Control + Treatments

(see paper for full text)

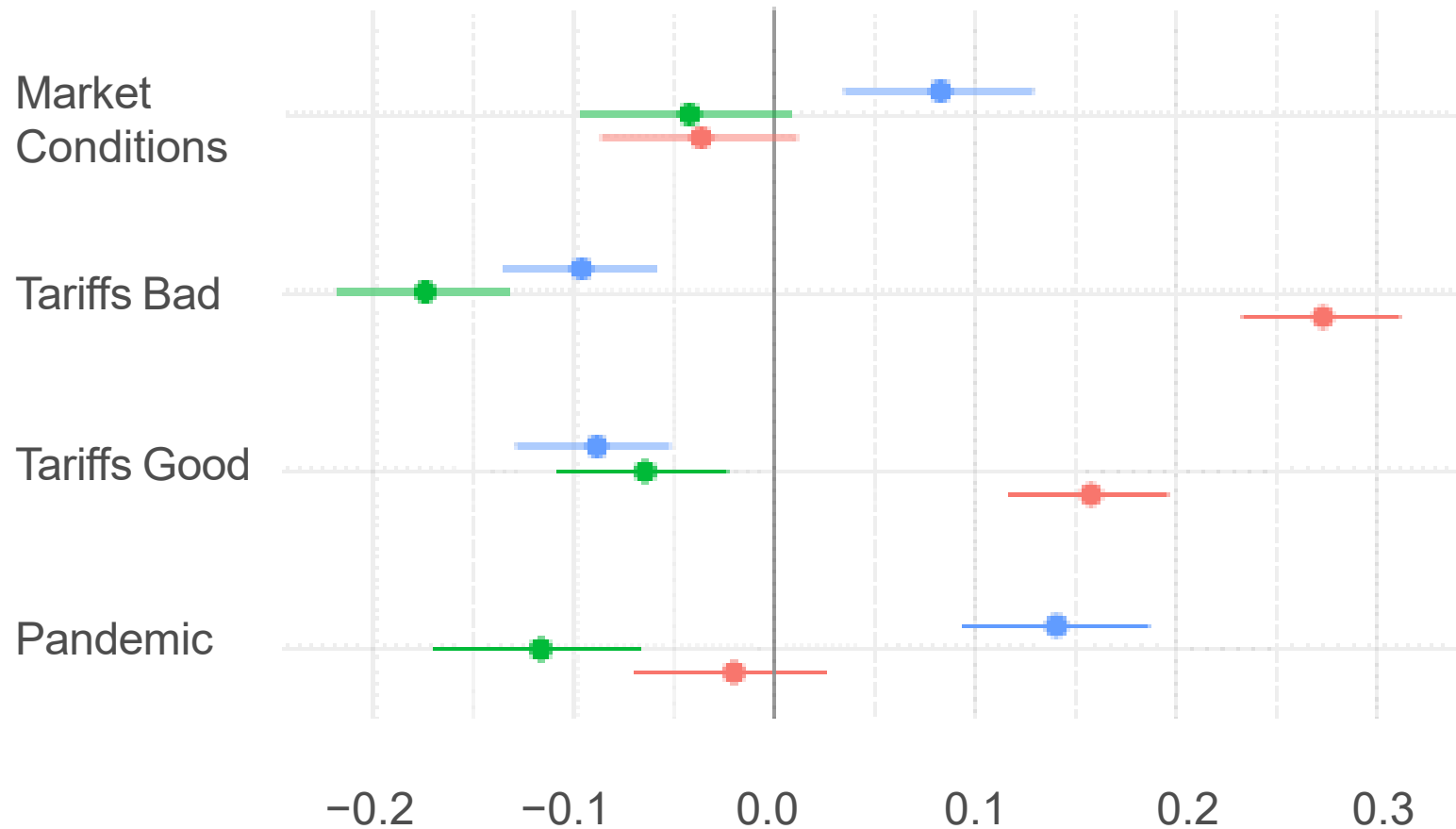
Changing market conditions	The move comes as consumers are abandoning traditional passenger cars in favor of alternative makes....
Tariffs bad (new tariffs have hurt the industry)	The move comes as new U.S.-initiated tariffs on imported goods have increased material costs for some U.S. industries....
Tariffs good (removing tariffs has hurt the industry)	The move comes as the industry faces increased competition from foreign imports....
Tariffs pandemic	The move comes as the industry faces the economic impact of coronavirus....

Who is to blame?

The proportion of respondents attributing responsibility for the factory closing to the government, General Motors, or “other.” (Control group responses)



Framing treatments effects on blame



Dependent Variable

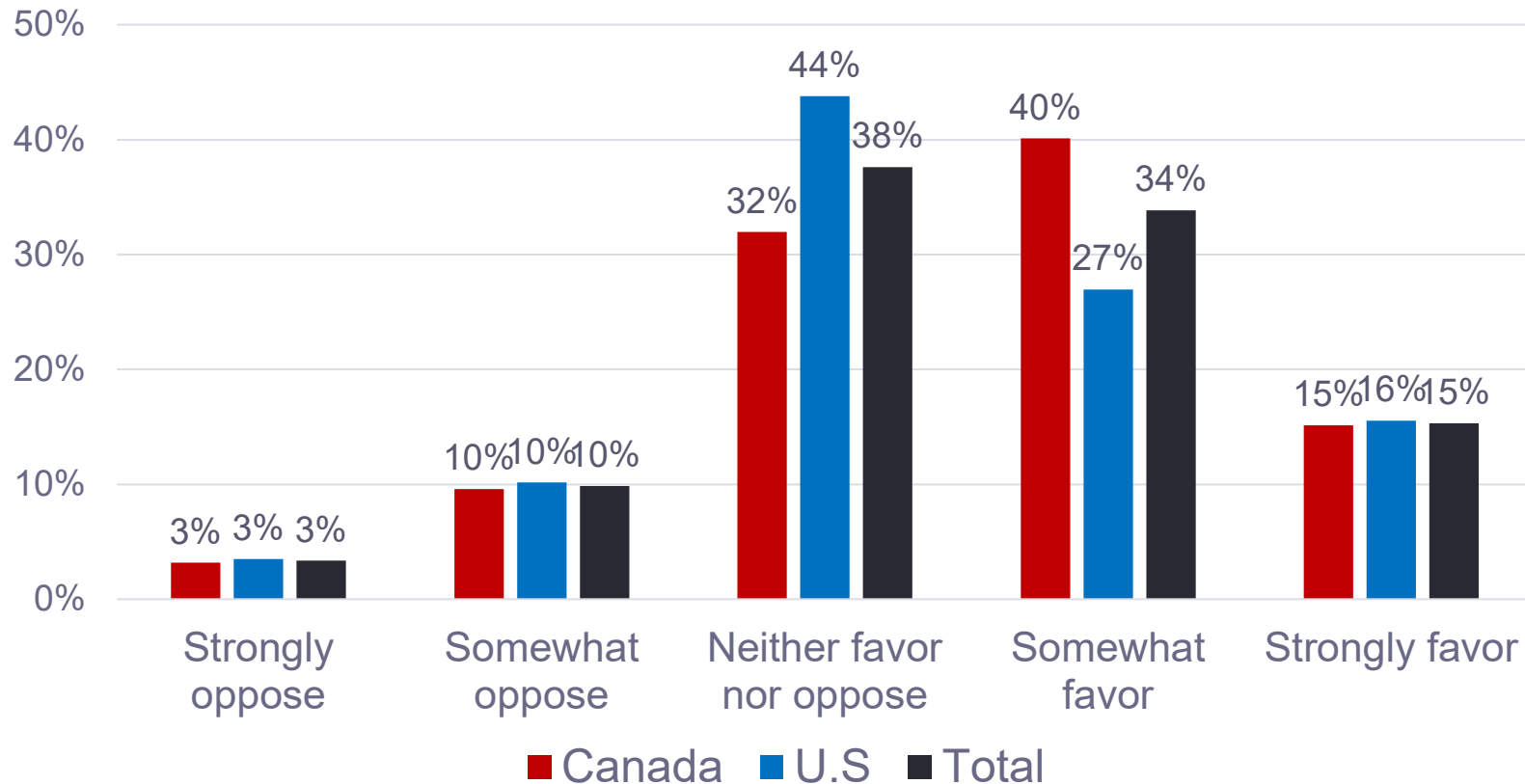
● Blame Gov't

● Blame GM

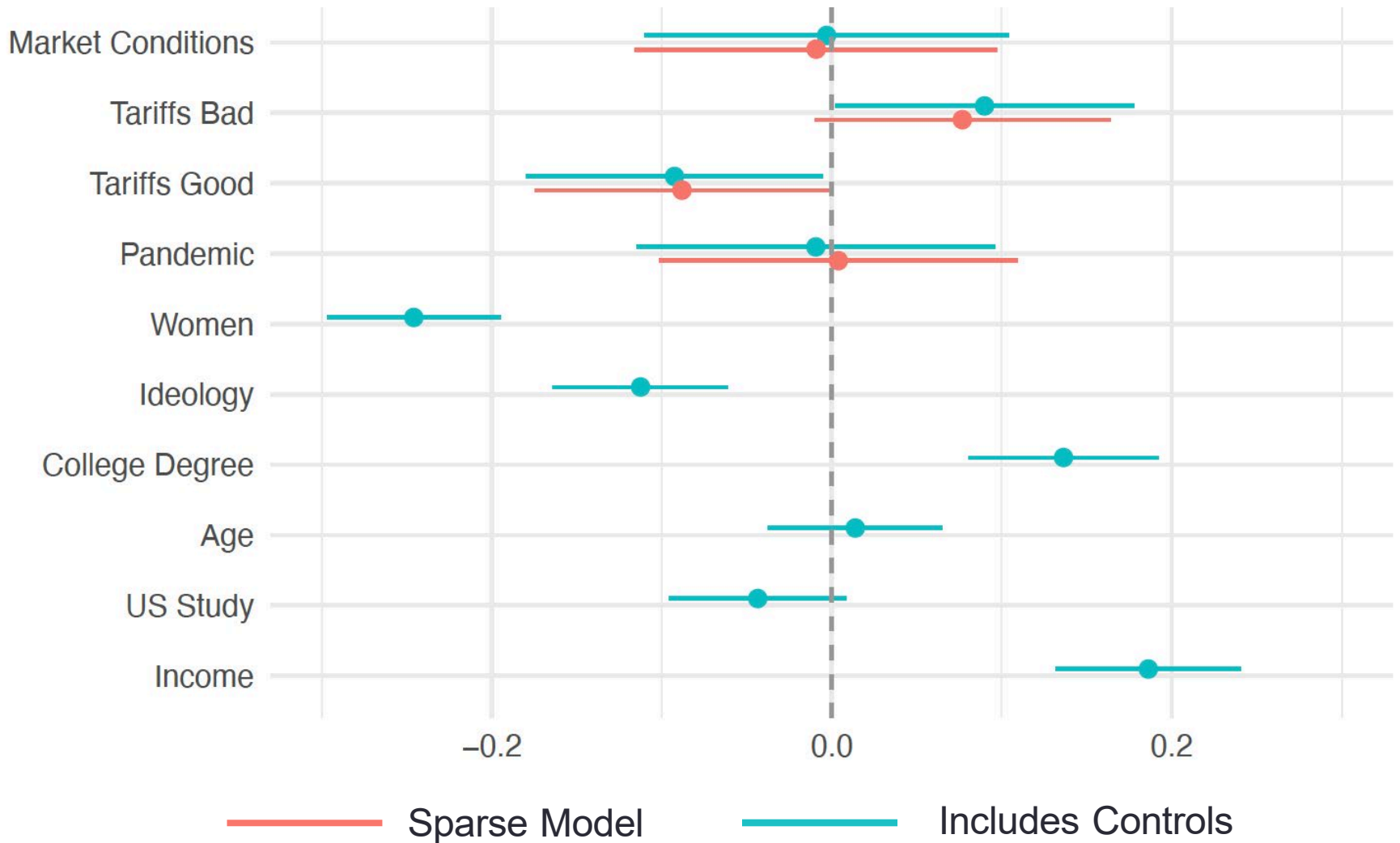
● Blame Other

Support for Trade

Do you favor or oppose the [the United States / Canada] reducing its barriers to trade? (Control group responses)

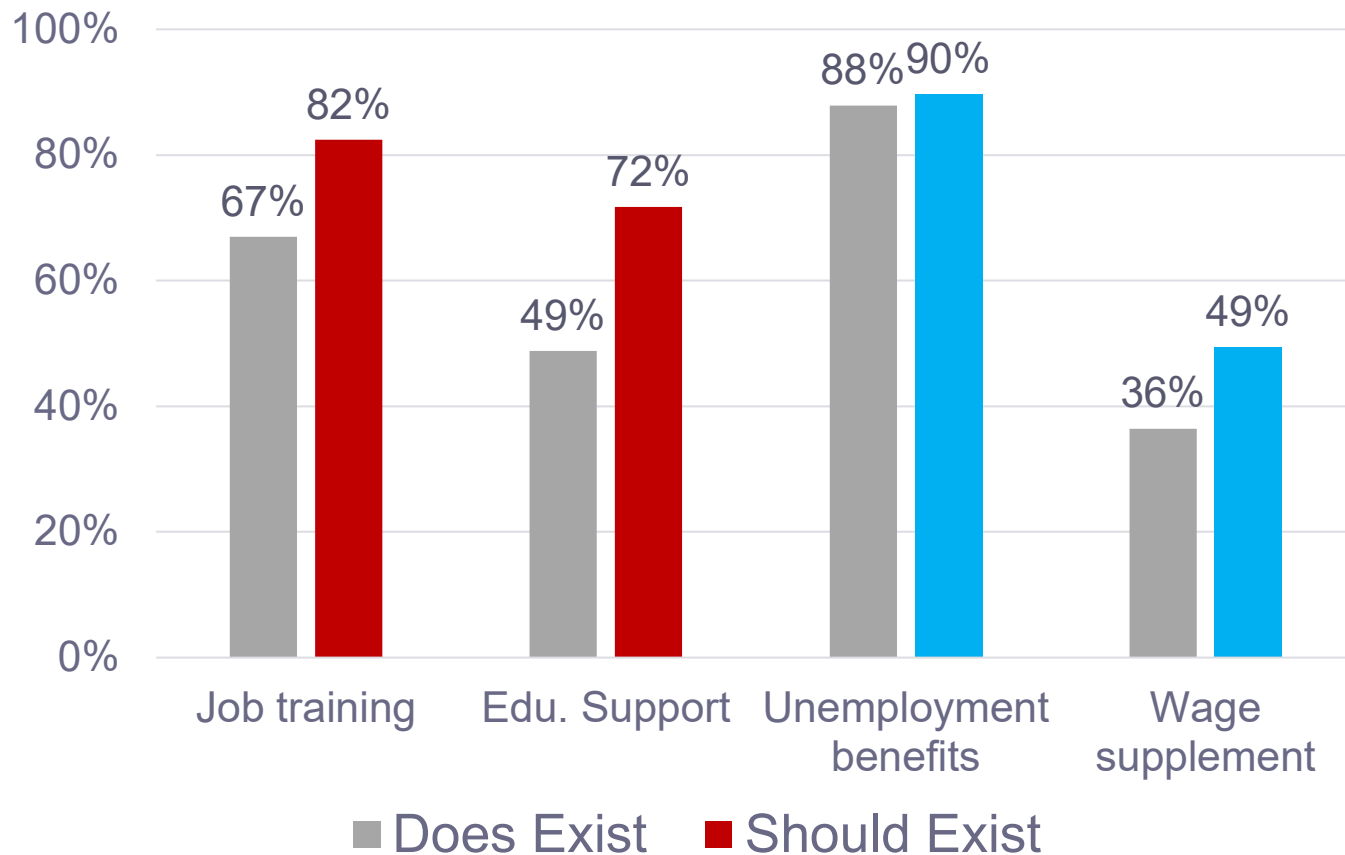


Effects on Support for Trade

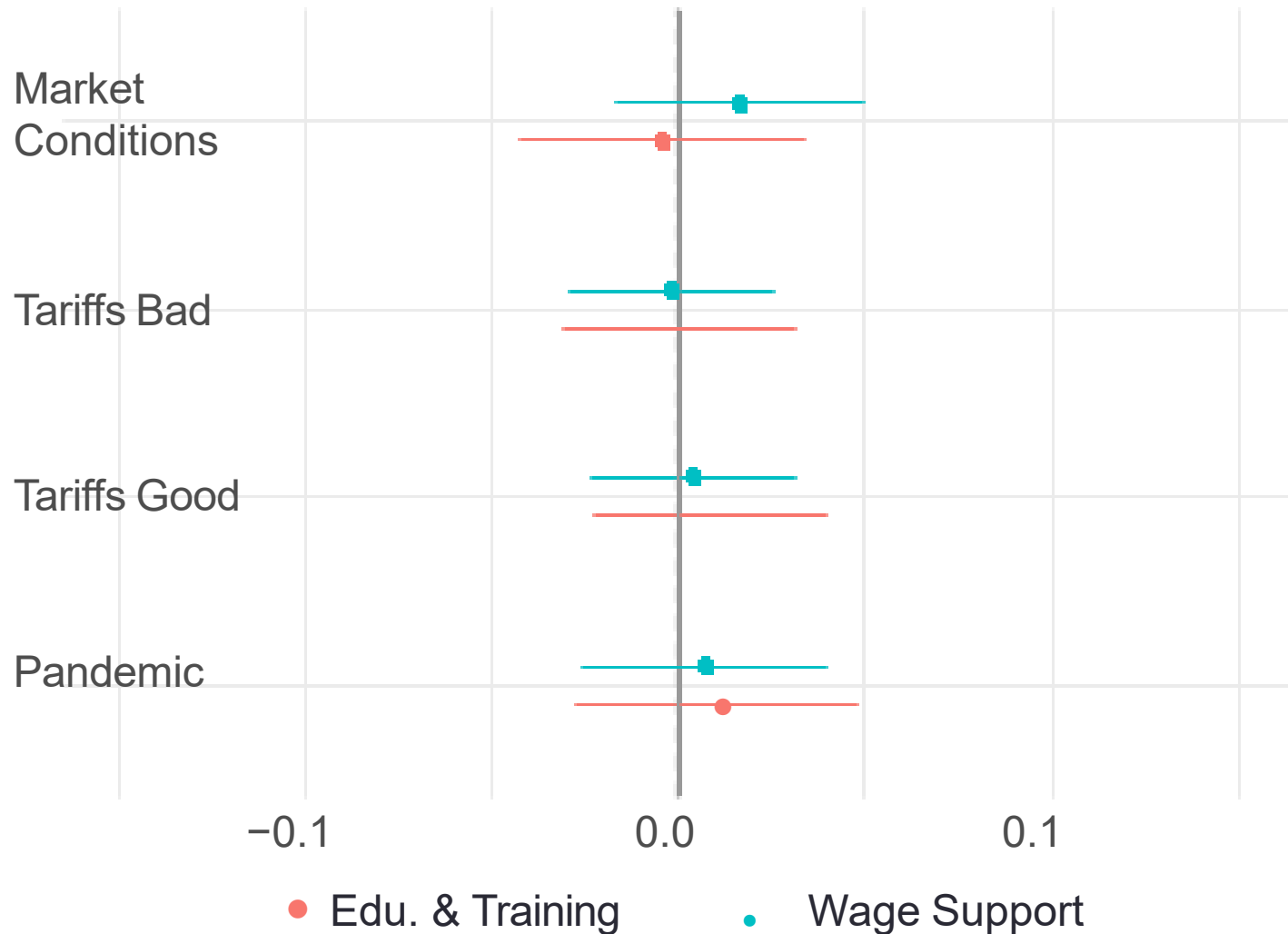


Government Assistance

Which of the following do you believe are and should be available to laid off G.M. workers? (Control group responses)



Effects on Support for Government Assistance Programs



Take Away(s)

- Newspaper frames on factory closings
 - Strongly influence blame attribution
 - Weakly influence preferences for barriers but not assistance
- So what?
 - Increased frustration with government, yet amorphous policy directives
 - Didn't backfire on workers (as in some other studies) but also didn't increase support for them much
- Next steps
 - Other sources of heterogeneity (class, industry)
 - Collection and coding of national and regional news variation

Changing market conditions

Control +

The move comes as consumers are abandoning traditional passenger cars in favor of alternative makes – if they're buying vehicles at all. General Motors has more ability to build cars than people want to buy, and especially for traditional passenger cars.

GM plans to invest in electric vehicles and self-driving cars, industries of the future, instead of cars like the Chevy Impala that evoke memories of the past. GM wasn't able to sell enough vehicles to keep these lines profitable. If the company doesn't take bold steps to address the new auto market, then more jobs will be at risk. GM faces many challenges and the shift in consumer demand doesn't help.

Tariffs bad

Control +

The move comes as new U.S.-initiated tariffs on imported goods have increased material costs for some U.S. industries. The recently imposed tariffs of 25 percent on imported steel and 10 percent on aluminum have been identified as a key business challenge. Already enacted tariffs on imported aluminum and steel have cost GM \$1 billion in 2019. These immediate cost increases led to a reassessment of production strategy.

Someone familiar with the decision noted that **raising tariffs increases costs significantly for the auto industry and threatens thousands of jobs**. GM wasn't able to sell enough vehicles to keep these lines profitable. **If the company doesn't take bold steps to address rising costs from tariffs**, then more jobs will be at risk. GM faces many challenges, and higher tariffs on materials don't help.

Tariffs good

Control +

The move comes as the industry faces increased competition from foreign imports. Lowered tariffs as part of international trade agreements have been identified as a key business challenge, with sales of foreign cars in the U.S. increasing 14.2% since 2014. This recent surge in foreign competition led to a reassessment of production strategy.

Someone familiar with the decision noted that **lowering tariffs increases competition from auto imports and threatens thousands of jobs.** GM wasn't able to sell enough vehicles to keep these lines profitable. **If the company doesn't take bold steps to address increased competition,** then more jobs will be at risk. GM faces many challenges, and lower import tariffs don't help.

Pandemic

Control +

The move comes as the industry faces the economic impact of coronavirus. A global recession and decreased consumer demand could mean millions of fewer vehicles sold this year compared to earlier projections. The projected fall in sales as well as uncertainty about a potential government stimulus has led to a reassessment of production strategy by GM.

GM plans to restructure its production lines and factories. GM wasn't able to sell enough vehicles to keep these lines profitable. **If the company doesn't take bold steps to address the global recession,** then more jobs will be at risk. GM faces many challenges and the pandemic doesn't help.

* The fine print

- Manipulated text from real news reports
 - However, smoothed number of job losses to an average across the factories
- Canadian & US versions differed
 - In the order of factories listed
 - In the picture shown
- An additional experiment embedded in the tariffs good/tariff bad conditions
 - Randomly assigned cue-giver (generic, capital, labor)
 - 3x as many respondents received these 2 frames
- Did not mention Trump directly, but obviously lurking in the background (or arguably foreground)

Sample Demographics

Demographic	Canadian Sample	US Sample	U.S. Population
Age 18 to 24	0.088	0.096	0.132
Age 25 to 39	0.251	0.232	0.266
Age 40 to 59	0.346	0.333	0.325
Age >50	0.315	0.340	0.293
Female	0.512	0.531	0.510
Household income \$0 to \$50,000	0.336	0.426	0.371
Household income \$50,001 to \$100,000	0.361	0.322	0.288
Household income \$100,001 to \$150,000	0.181	0.135	0.156
Household income >\$150,000	0.122	0.117	0.185
Attended college	0.690	0.491	0.611

Note: Table 1 reports the sample demographics for the for the US and Canada, with a comparison to the U.S. population. Population data is from the Census Bureau and are for 2019 for age, gender, income, and education.