Foreign Direct Investment, Job Security and Government Social Protection in Ukraine: A Tale of Four Cities[1]

Paper prepared for presentation at the annual conference of the American Political Science Association, September 2-5, 2010

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Using original data from a customized survey in Ukraine carried out in summer 2010, this paper tests two of the assumptions underlying the compensation hypothesis: first, that those more exposed to the international economy face more economic insecurity and, second, that they want more government social protection because of that economic insecurity. Having chosen survey sites where FDI-exposure, while not random, is idiosyncratic, this paper considers the effects of direct employment with an FDI recipient or with an exporter. Results are broadly consistent with the compensation hypothesis. FDI-exposed workers report greater job insecurity and are more likely to favor more government spending and greater government responsibility for ensuring social outcomes. However, the same is not true for those who are employed by firms that engage in export activity.

[1] I am grateful to the National Science Foundation, the Boren fellowship program, American Councils for International Education, and the UCSD Institute for International, Comparative, and Area Studies for their generous funding of this research.

Introduction

One of the biggest puzzles in international political economy is the relationship between globalization and social welfare politics. Traditionally, economic integration was predicted to constrain states from funding expensive social welfare programs in order to keep their products competitive on the international market and attract and internationally mobile capital from seeking lower tax rates elsewhere. However, in spite of clear, strong theoretical expectations, a number of empirical studies have revealed a *positive* correlation between government social spending and openness to the international economy. A popular response to this puzzling finding is the compensation hypothesis, which argues that domestic politics explain the counterintuitive finding. Voters exposed to the global economy experience greater economic insecurity, demand more social protection, and voice these demands in the political arena. The government increases social welfare spending to meet voter demand.

While early analyses of the compensation hypothesis used primarily a macro-economic level of analysis, much of the current debate over its validity focuses on the theoretical micro-foundations of the compensation hypothesis. This is because of the decidedly mixed empirical support for the compensation hypothesis that studies examining social policy outcomes have produced. Some have shown the positive correlation between globalization and economic insecurity or social polity that the compensation hypothesis predicts (Cameron 1978, Garret 1998, Rodrik 1998, Burgoon 2001, Easterly, Islam and Stiglitz 2001) while others have found no relationship (Pierson 1998, Swank 1998, Razin and Rose 1994) or even a negative correlation (Rudra 2002, Korpi and Palme 2003, Kaufmann and Segura-Ubiergo 2001, Rudra and Haggard 2005, Wibbels 2006, Brunner and Naknoi 2003, Koster 2008). Much of the more recent work macro-level work on the compensation hypothesis has focused on determining the conditions

under which voters' demands are more likely to translate into policy (Rickard 2006, Rudra 2003, Adsera and Boix 2002, Garret 1998, Burgoon 2001, 2006). However, the shift to micro-level analysis is necessary to determine whether workers with more job exposure to the international economy actually experience greater economic insecurity and demand more government social protection. When examining welfare policy outcomes, lack of empirical support can be explained in two ways. Either globalization does not affect individuals' preferences for social protection or, in spite of public preferences, policies do not change due to complications in the process of domestic policy-making. If the former is true it would discredit the compensation hypothesis, whereas the latter simply indicates a need for greater inquiry into the conditions under which the compensation hypothesis will hold. Recent studies have, therefore, primarily taken on the task of examining survey data to seek individual-level evidence that globalization is related to economic insecurity, demand for government social protection, and/or voting behavior. Several micro-level studies have empirically shown that exposure to globalization increases perceptions of economic insecurity in different contexts (Walter 2010, Scheve and Slaughter 2004) and that higher levels of social spending can mitigate opposition to policies of economic openness (Hays, et al. 2005, Aldrich et al. 2001). However, other papers (Rehm 2007, 2009) have not found a link between international economic exposure and worker insecurity. Furthermore, many of these papers are able to consider only a single part of the logic underpinning the compensation hypothesis.

This paper undertakes to extend the inquiry of the micro-foundations of the compensation hypothesis in several ways. First, it considers the direct relationship between international

exposure at the level of the individual and both job security and welfare policy preferences.[2] Second, it looks at whether exposure to globalization at work has different effects on preferences for different types of welfare policy. If the proposed link between globalization and welfare state demands is due to economic insecurity, as the compensation hypothesis posits, then international exposure should be correlated with stronger preferences for unemployment insurance, job retraining, etc, but less directly correlated with preferences for pensions, maternity leave, or health care. Third, this paper considers community-level effects of foreign direct investment. While a significant literature examines "spillover effects" from FDI, the most immediate effects of FDI, particularly in smaller communities are jobs and local government revenue. Thus, those living in an FDI-recipient community may also be affected by its presence even if their work is not directly connected to the FDI enterprises. Finally, this paper examines survey data from Ukraine, a young, electoral democracy with a post-communist economy. Not only does this allow us to extend the universe of examined cases by stepping outside of the context of wealthy, highly developed, mature democracies, but it also changes the identity of winners and losers from globalization, since Ukraine's production for the international economy primarily involves skilled and semi-skilled "blue collar" workers in production and manufacturing.

In order to accomplish these goals, this paper uses original survey data from a customized survey conducted in four small regional cities in Ukraine. Two of the cities have at least one significant local employer with FDI and two of the cities have extremely low levels of FDI. One high-low FDI pair was chosen from each of two oblasts (sub-national administrative districts), one in Eastern Ukraine and one in West-Central Ukraine. The cities were matched along a number of economic variables (as described below) in order to help alleviate the selection problem that FDI

[2] The results presented in this paper do not consider the effect of FDI on voting behavior and party preferences although such analysis is planned in the future.

tends to locate where economic conditions are more favorable. Since each city is paired with a city as similar to itself as possible (given the necessity of choosing pairs within an oblast to control for possible political variation) and the FDI-recipient enterprises are manufacturing firms similar to other enterprises in the cities, it is possible to examine both the effects of employment with an FDI firm and living in an FDI-treated local economy while minimizing the extent to which the those with FDI exposure differ from other workers.

The Microfoundations of the Compensation Hypothesis

Studies have come to elaborate and test three assumptions that underlie the compensation hypothesis. These assumptions are as follows: 1) Globalization increases economic volatility 2) This volatility leads individuals to demand more generous social welfare programs and 3) These demands are translated into policy (Rickard 2006, Walter 2010).[3]

Cross-national studies of the first assumption encounter the difficulty of the fact that if globalization does increase welfare state spending, the larger welfare state should mitigate economic insecurity among the population.[4] As a result, one of the only studies to date to examine the relationship between globalization and uncertainty uses survey data from a single country, the United Kingdom. Scheve and Slaughter (2004) provide evidence that workers with a higher level of FDI exposure also report higher levels of job insecurity in the 1990s. Another study that attempts to directly link attitudes about globalization and job insecurity to direct measures of an individual's exposure to the international economy is Wilson, et al. (2002). They

[3] Some authors consider this to be only two assumptions. First, that globalization increases uncertainty. Second, that this leads to greater welfare state demand. However, those authors who consider only two assumptions are implicitly assuming that preferences lead to policy or that policies spring from preferences.

[4] Indeed, Anderson and Pontusson (2007) find that employment protection legislation significantly reduces cognitive job uncertainty (reported likelihood of losing a job), but not labor market uncertainty (ability to find a new job) and spending on active labor market programs reduces only labor market uncertainty. Kramer, Stephenson and Lange (2000) also find that social assistance lessens individuals' insecurity. Erlinghagen (2008), however, does not find a significant link between job insecurity and employment protection legislation or social spending.

use various individual, national and regional level economic variables to examine what influences survey respondents in Europe and Asia to think that globalization has a "good" or "bad" effect on individuals' job security. They find that the greater the importance of exports in an economy, the *lower* the percentage of people who associate globalization with increased job insecurity. Since this is one component of overall trade openness, this would seem to contradict the idea that trade openness causes more job insecurity. More accurately, it echoes Hays, et al. (2005)'s finding that imports and exports must be examined separately since they should be expected to have different effects on employment, and hence job security.

Other work, such as Kramer, Stephenson and Lange (2000), test hypotheses about inputs to reported economic insecurity. They use sector, skill level, and skill specificity as separate predictions of winners and losers from trade according to various models to argue that "losers" have reported higher insecurity. They do not, however, have any direct measure of how affected people are by globalization.

The literature examining the second assumption—that uncertainty leads people to demand welfare expansion tend to suffer from the fact that, with few exceptions, its link back to globalization is assumed based on trade models or based on a macro-level variable. Aldrich et al. (1999a) find that objective and subjective measures of insecurity are significantly related to opinion on provision of government services, jobs and a guaranteed standard of living. Kramer et al. (2000) show a clear link between the same measures of insecurity and opinion on government involvement in business. In a series of related papers (Aldrich, et al. 1999b, Aldrich, et al. 2001, Merolla and Stephenson 2001) they find that various measures of insecurity are clearly related to different measures of preferences over the government provision of social welfare. These

linkages between insecurity and welfare are stronger than the linkages they find between economic insecurity and preferences over general trade liberalization.

Indirect evidence, which shows that employment protection and social welfare spending decreases individuals' job or economic insecurity, is provided by Anderson and Pontusson (2007) and Hays, et al. (2007).

The third assumption is examined by studies that concern themselves with the effect of uncertainty and welfare state preferences on actual political/voting behavior. Mughan and Lacy 2002 and Mughan et al. 2003 show that personal and sociotropic job insecurity affect support for candidates or parties who have made concerns about outsourcing and domestic job loss due to globalization significant parts of their platforms (Ross Perot in the US 1996 Presidential election and the Australian One Nation Party in 1998). The studies make no explicit link to the individuals' job exposure to globalization, only their reported feelings on job insecurity. Hellwig and Samuels 2007 show that voters in open economies (measured as both trade and capital openness) are less likely to punish or reward incumbents for economic performance. Their explanation is that voters realize that in more open economies their governments have less control over the country's economic performance. If this is correct, then this would be consistent with a demand to have greater welfare spending in more open economies. While this evidence is indirect at best it shows that globalization does influence voting behavior.

Why FDI Matters

Direct Employment

While the compensation theory was originally conceived with terms of trade, exchange rate, and other trade-related risks, subsequent evidence and theorizing has posited that the

globalization of production contributes significantly to higher uncertainty among workers by increasing the elasticity of demand for labor. Scheve and Slaughter's (2004) theoretical argument has to do with the ability of MNEs to substitute away from local labor as a production input more easily than do domestic firms.

For those employed in foreign-owned firms, their employment may affect their economic security or their income--both of which would influence their underlying preferences. Theoretically, foreign firms are both more mobile and more sensitive to factor price changes at home and abroad. Furthermore, if FDI is locating in the host economy to take advantage of lower cost production or to produce goods for export from the host location, changes in the global economy can cause serious volatility in local employment. As a result those employed in FDI firms may report higher levels of job insecurity. The first assumption underlying the compensation hypothesis is that FDI exposure induces greater job insecurity; the first task of this research, therefore, is to empirically test whether this condition holds in Ukraine.

However, many studies that examine exposure to globalization (trade and FDI) examine it at the industry-level. Although this is empirically necessary since surveys do not often report the importer/exporter or ownership status of a respondent's employer, there are theoretical justifications for use of industry-level exposure. Since workers can usually change jobs within an industry, penetration by FDI-firms alters the labor demand for all workers in that job market, not only those directly employed in FDI firms (Scheve and Slaughter 2004). Using industry-level unemployment rates or industry-level rates of exposure to trade and FDI, allows us to consider the national labor market that an individual might face if seeking a new job. However, there are some limitations in using industry level measures. Individuals' job security, while impacted by their occupation and the industry in which they work is most related to the specific firm for

which they work. Using industry-level FDI exposure does not allow us to distinguish between the possibility that workers in FDI firms experience uncertainty and the possibility that workers in domestic firms in the same industry experience greater uncertainty because they compete with a multinational. FDI within an industry may create jobs in a firm receiving FDI or in firms supplying a MNC while at the same time capturing market share and driving a domestic firm to initiate massive cuts in production and employment. This would perhaps have a small net impact on industry-level unemployment rates, but could have very different employment effects on workers in the industry. By examining specifically those who have identified their employment in a foreign-owned firm, this project provides better understanding of the effect of employment with a foreign-owned firm.

In addition, considering the national labor market in a given industry ignores the imperfect geographic mobility of labor within a country. The lack or geographic mobility is exacerbated by home ownership (particularly in a depressed real estate market), family concerns, and limited ability for job "networking" outside of one's local area. These concerns have not yet been discussed in the literature, in part because the literature deals with wealthy, developed economies where these concerns are less than in poorer countries. In Ukraine (and all post-communist European countries, including those who are now in the EU), housing limitations, lack of access to credit and severe price discrepancies between regions within a country make relocating to a new city to find a new job extremely costly. This is particularly true for people in more economically depressed regions.

Of course, use of direct employment with an FDI-recipient firm as an explanatory variable creates the challenge of trying to separate the influence of employment with a foreign-owned firm from a selection effect. It is well-known that companies that are involved in the

international economy (whether through FDI, import or export) tend to significantly differ from other companies in terms of their size, capitalization, etc. In addition, it has been shown that often foreign-owned firms employ people with higher skill levels or other traits that distinguish them from an average worker in their industry. However, the choice of cities where the FDI-treated enterprises and workers have similar levels of education and are in similar occupations and industries helps to minimize this threat. The dataset utilized in this paper advances our ability to separate the effects of globalization from many of the potential confounding factors that have hampered our ability to draw clear causal connections.

In the post-communist context whether FDI exposure would correlate with economic insecurity is an open question. Here, as in other contexts FDI is more mobile than domestic capital and is more able to substitute away from local factors of production, leading to expectations of greater uncertainty. However, such correlation would exist not simply because there is volatility of employment with FDI firms or FDI-exposed industries, but because this FDI-induced volatility is higher than the volatility that domestic firms face. Given the difficulties faced by domestic firms in the post-communist context and the potentially greater resources possessed by foreign affiliates of multinational firms, it becomes an empirical question whether those employed in FDI- firms would be, or perceive themselves to be, more at risk for job loss.

Community Effects

Given the energy expended and the willingness to forgo local tax revenues in order to attract foreign direct investment around the world, it stands to reason that whole communities expect to benefit from FDI. While many of the "spillover" effects of FDI are expected to affect primarily other firms in the same industry, the local economy benefits from the jobs that are

created or saved by the influx of FDI and, to a lesser extent, by the financial contribution that the company will make to the local budget.

Those who live in "FDI-treated" cities associate with those employed in the foreign sector and observe the cultural and economic effects of foreign firms on their communities. As a result, they may be more likely to have better information on the benefits and costs of FDI and stronger preferences about whether social policy concessions are acceptable and worthwhile in order to attract and retain foreign investment. If those with higher levels of FDI exposure perceive primarily that they and/or their communities benefit, they will be more likely to positively assess the impact of FDI for the nation as a whole. This should make respondents from cities with significant foreign investment[5] more or less likely to favor social policy expansion in response to survey questions posed as a tradeoff between more social services and lower burdens on business. This would be true even though they may favor broad social spending in general.

However, it is also possible that those with higher levels of FDI exposure will have a more negative perception of the effects of FDI due to experiences with the foreign company (i.e. labor shedding, reduction of benefits, violation of local and cultural norms).[6] In this case, these individuals are likely to express negative views of the effects of FDI and globalization. Relative to those in the "control" cities, they may also favor greater social spending at the expense of business in response to questions worded as a tradeoff.

Certainly, in comparison with other small cities in Ukraine, those that have attracted significant foreign investment can be seen as "winners" from globalization. In larger cities, the relatively small amount of FDI stock that is located in the survey site cities (10-30 million USD) might not

[5] This should apply to respondents from high-FDI cities regardless of their sector of employment.
[6] Aldrich et al. 2001

be expected to make an impact on most of the citizens of the city. However, when total output of goods and services produced in the city annually does not exceed 200 million USD, the capital, tax revenue and jobs brought by FDI have a broader influence. An MNC in the high-FDI eastern city employs more than 6% of all workers and is the second largest employer in the city. In addition, interviews with local government officials indicated that tax revenues from enterprises with FDI have helped to avoid serious cash flow problems for local governments in the past. In addition, foreign investors who have chosen to go elsewhere after considering sites in a given city are subjects of significant regret even if the investment would have been modest by most standards. This is true in spite of the fact that local governments have limited discretion in taxation and a very limited portion of their revenues come from local sources.

Different aspects of welfare spending

Welfare policy is a broad category, within which there is significant variation in terms of the aims and results of different programs. If FDI workers face higher job insecurity, they will favor fewer benefits targeted at those who work and more for the unemployed. In line with the uncertainty effects of globalization, policies, such as unemployment insurance, labor policy protections, and job retraining programs, safeguard either current employment or reduce the cost of job loss and would be more favored by more insecure, foreign-sector workers. However, differences between the preferences of the two groups on other types of social policy that are unrelated to employment, such as government provision of child care, pensions for the elderly, or university education, would be either more indirect or altogether unexpected. This is consistent with arguments made in Burgoon (2001). In studies using aggregated levels of social spending, such shifts would be concealed, leading to the erroneous conclusion that globalization has not

impacted welfare policy. I am unaware of any micro-level study that considers individual preferences over different social welfare programs.

Given the foregoing discussion, the following hypotheses will be considered, testing the dominant theory from the literature that FDI does lead to higher levels of economic insecurity and stronger preferences for certain types of social policy.

H1: Those employed in the FDI firms report higher employment insecurity (likelihood of losing a job) than those in the domestic sector. (Assumption 1)
H2: Those employed in the foreign sector will be more likely to favor social policy measures designed to reduce the costs of becoming unemployed (i.e., retraining, unemployment income, job protections), but not more general social policy programs. (Assumption2)

In addition to looking at the effect of foreign ownership, the data also allow a consideration of the effects of being employed by an exporter.[7]

H3: Those employed by exporting enterprises report higher employment insecurity (likelihood of losing a job) than those in the domestic sector. (Assumption 1)
H4: Those employed by exporting enterprises will be more likely to favor social policy measures designed to reduce the costs of becoming unemployed (i.e., retraining, unemployment income, job protections), but not more general social policy programs. (Assumption2)

If all exposure to the international economy increases economic insecurity then H3 and H4 would hold. If the effect of globalization is conditioned on whether the workers are "winners" or "losers" from globalization, then those who work for exporting firms may feel more secure at work and may support less government social spending.

H5: Those in high-FDI cities will be more likely to favor social policy spending due to insecurity.

[7] Future work will also look at firms that are importers or import competing. Coding of these enterprises is more complicated than coding exporters and is ongoing.

Again this hypothesis would be expected to hold only if economic insecurity is increased by FDI and this effect dominates the potential job- and income-creating effects of FDI.

Research Design

The gold standard for causal inference involves a randomized experiment where those receiving a treatment of interest are statistically equivalent to a control group. The subject matter of Political Science makes it extremely problematic to use this kind of experiment with the exception of a limited range of questions about certain policies or the rare, but exciting, natural experiment. Quasi-experiments, where non-equivalent groups are tested both before and after the treatment of interest also allow confident conclusions to be drawn about the impact of some things. However, for those interested in studying the effects of FDI, selection problems seem rather inescapable. The time frame for studying the effects of FDI make pre- and post-test studies complicated and subject to various validity threats, not to mention the difficulty of knowing where FDI will be prior to its arrival in order to conduct a pre-test.[8] Countries and locales that receive FDI are chosen because they have economic, tax, labor market, resource or other advantages that are lacking in other cities. Differences in local government may exist. Companies spend millions of dollars assessing the risks and advantages of investment in one country or location rather than another. FDI is never random. However, I argue that it is sometimes idiosyncratic.

Having chosen to invest in Ukraine and being willing to invest in a small city in Ukraine, differences in the investment attractiveness of the cities are rather insignificant. In a study ranking the investment attractiveness of all cities of oblast significance, the Institute of Reform

[8] Obviously, after an investment announcement is made is a possibility, but attitudes may be shaped in part even by the expectation of investment, making the pre-test less than accurate.

makes the observation that after the 40 Ukrainian cities with the highest ratings for investment attractiveness (mostly the largest cities and those with nuclear power plants) the remaining 140 cities of oblast significance vary very little in their ratings of overall investment attractiveness (USAID 2006). According to officials occupied with the task of investment attraction in Vinnits'ka oblast, investors who approach them directly for assistance and information do so because they already have personal contacts with Ukrainian businesspeople in the oblast or because they know other foreign investors already located there. [9]

The use of these survey sites controls for national and regional factors that potentially influence both the populations' social policy preferences and the level of FDI. In addition, this selection of similar survey sites should ameliorate endogeneity problems[10] and reduce the need for statistical control of city-level covariates. For example, by exploiting intra-country differences in FDI, this design minimizes concerns about whether cultural, social or political institutions, rather than FDI, explain observed differences in political attitudes. In addition, it controls for other aspects of globalization (i.e., trade policy, capital controls, currency issues, and most tax laws) that could impact levels of FDI.

Why Ukraine?

The choice of a post-Soviet young electoral democracy as the context for this research serves a number of analytic purposes. First, it extends the universe of countries for which this question has been considered. To date, the bulk of the research on social policy and globalization focuses on wealthy, advanced capitalist countries. Even work that extends to the

[9] Personal interview from 07/12/2010.
[10] This is especially true in Ukraine, where power composition and changes at the national level (i.e. in parliamentary elections) is reflected throughout the layers of government (Hormel 2007).

developing world often fails to include post-communist countries. [11] This is an important omission since the history and development of social policy in post-communist countries is distinct from what has been studied in the western European context. The present political realities of social policy (including the proportion of welfare state beneficiaries in the constituent population and severe fiscal problems) are also common in post-communist European countries, yet distinct from North America and Western Europe.

In addition, Ukrainian workers combine low geographic mobility[12] and relatively skill-specific labor, which increases the likelihood that economic uncertainty caused by globalization will lead to demands for social protection, since these workers are less able to deal with the risk through labor market mobility. This is exacerbated by the fact that many people in Ukraine live in apartments they (or a member of their family) own through privatization and selling their apartment (especially in a small city) will not provide them with enough funds to purchase a new apartment in a larger city (with more job opportunities) and renting is often prohibitively expensive. The survey data reflects this reality as more than 85% of the workers surveyed live in homes or apartment owned by themselves or another member of their household. They are also less able to deal with such uncertainty through self-insurance because of underdeveloped private insurance markets. Even simple savings as self-insurance are less likely to offset demands for social insurance in the post-communist context because of prevalent concerns (in the present or recent past) about high inflation and unreliable banks.

[11] For example, Anderson and Pontusson 2007, Basinger and Hallerberg 2004, Korpi and Palme 2003. More recently, some studies have included developing countries, (i.e., Mosely and Uno 2007, Rudra and Haggard 2005, Goldberg and Pavcnik 2007, Kaufmann and Segura-Ubiergo 2001) but rarely do they include transition economies. Exceptions, such as Koster 2008 and Margalit 2006, 2008, tend to be broadly cross-national. See also Haggard and Kaufman 2008.

[12] In the Polish General Social Survey in each survey year at least 47% of respondents and over half of the respondents during the full 1992-2008 period lived in the same city as when they were 14 years old. Another at least 26% in each year and 30% in total lived in a different city, but within the same region of Poland.

Ukraine also provides the opportunity to study individual citizens' and a country's initial experience with FDI. Although its' western post-communist neighbors attracted important FDI flows and engaged in significant trade throughout the 1990s, Ukraine was noted for its low level of economic integration, given its location and degree of political and economic reform. While FDI inflows in Ukraine were less than 11% of gross fixed capital formation in 2001, by 2005 they exceeded 40%, reflecting the increasing importance of FDI in the Ukrainian economy (UNCTAD 2008). Furthermore, FDI flows in Ukraine have been rather volatile, decreasing by 50% during the current economic recession, making it a setting where we are likely to see the mechanism outlined by the compensation hypothesis, if it exists.

The Cities

Using economic variables for the approximately 180 Ukrainian cities "of oblast subordination,"[13] I calculated expected levels of FDI for each city. These expectations were based on economic variables at the city level including as overall production of goods and services, the percentage of production in small enterprises, average wages, number of workers, unemployment rate, percent of the population of working age, total capital assets of all enterprises, the impact of transition on the local economy, distance from Kiev and distance from the oblast capital.

[13] "Cities of oblast subordination" constitute one of three categories of cities in Ukraine. The first category, "cities of national significance", includes only Kiev and Sevastopol (the capital of the Autonomous Republic of Crimea). These cities are administratively independent from oblast-level government. The second category, "cities of raion subordination," is comprised of Ukraine's smallest cities (most have populations less than 30,000). These cities have no independent city government or administration, but instead fall under the jurisdiction of the raion government (sub-national administrative unit smaller than an oblast) along with villages and rural settlements. All other cities in Ukraine are cities of oblast significance. They range in population size from several million to less than 20,000. Size is not the only determinant of whether a city is classified as a city of oblast or raion significance. Smaller cities that are home to an important enterprise or have certain historical significance are also classified as cities of oblast significance. All oblast capital cities are cities of oblast significance. Each oblast has between one (Ternopilska) and 30 (Donetska) cities of oblast significance in it. Cities of oblast significance have their own local government, with limited power and low levels of autonomy, but with responsibility for administering local schools, health care, implementation of family and children programs, and state programs of social provision (but not the services provided through the employment centers or payment of unemployment subsidies.) They have very limited "own" revenue sources and are financed almost entirely through transfers from the state government (Kiev) and the oblast government.

The difficulty with selecting cities that "match" according to investment attractiveness and economic development but that have large FDI discrepancies is that FDI is predicted to affect a number of local economic indicators including the size of the local economy, local government budget revenues, employment rates and average wages. In local economies as small as the ones used in this study, if a single MNC arrives or a single local enterprise receives FDI it can significantly alter these variables, making it more difficult to determine whether the cities would be a "match" in the absence of FDI. Ukraine is a useful case for dealing with this particular issue because much of the FDI in Ukraine is of recent origin. In order to choose similar cities, I used city-level indicators not only for the most recent year for which statistics are available, but also for the year 2000. The year 2000 is before significant FDI into most of the smaller Ukrainian cities, but far enough after Ukrainian independence that privatization was well under way (though by no means completed), some semblance of relative political and economic stability had been achieved and the quality of statistical reporting in Ukraine had markedly improved.

In addition, I consulted the only existing ranking system of investment attractiveness for Ukrainian cities, published by the now-defunct Kiev-based Institute of Reforms. These rankings are available only from 2002-2006, so unfortunately they gave limited insight into current conditions. While helpful, I had a number of concerns with these rankings, including which indicators were included in calculating the ranking and the fact that the rankings changed little from year to year even though the methodology and included indicators changed substantially from year to year. As mentioned above, analysis of the 2006 rankings by the Institute of Reforms asserted that with the exception of the "most attractive" 40 cities, the mathematical differences between rankings for the remaining cities were extremely small and the substantive meaning of these mathematical differences was difficult to define (USAID 2006).

After calculating "expected" levels of FDI in 2008 (the most recent year for which statistics are finalized) using current values of the economic variables and coefficients from analysis of the FDI levels of cities in 2000,[14] I selected a number of pairs of cities in single oblasts with similar expected levels of FDI, but wide discrepancies in actual FDI stock as of the beginning of 2009 and for closer examination. The chosen cities had similar levels of FDI as of the beginning of 2001. From among those pairs, cities were chosen to match according to industry of the local enterprises and number of large enterprises. The chosen cities have between 10 and 15 enterprises that employ at least 50 people. Each city contains manufacturing plants, one predominant enterprise, and a number of communal enterprises that supply utilities to the local population. Each of the cities has been shrinking, population-wise, since Ukrainian independence and suffered significant drops in production and productivity during the 1990s, although they have all experienced positive growth since then.

Once the four cities were selected, the sampling frame was constructed by obtaining lists of all enterprises registered in each of the cities. A decision was made to include only enterprises that employ at least 50 people. This decision was made for several reasons. First, Ukraine has literally hundreds of thousands of individuals registered as "individual-enterprises" that had to be excluded since these people are self-employed and obviously experience different kinds of economic insecurity than those who work in a company or institution of some kind. Even those registered as small enterprises or private enterprises often employ only a handful of people, often family members. Those who work at these very small enterprises often do so in addition to holding other more traditional jobs. In addition, a high percentage of the official small

[14] Calculations available from the author on request.

enterprises[15]particularly in smaller cities are currently not in operation due to the international economic crisis although still registered as active. Finally, since it has been noted that job security is related to firm size (those at larger firms tend to feel more secure in their jobs (Anderson and Pontusson 2007), I did not want variation on the dependent variables to be determined by firm size particularly because the independent variables of interest (status as an FDI recipient enterprise or as an exporter) are completely correlated with firm size. That is, since no small enterprises in these cities report having FDI, including them would confound firm size with foreign ownership.

A quota of survey interviews to be conducted at each interview was determined based on the size of the enterprise relative to other enterprises in that city. A random sample of employees at each enterprise participated in face-to-face interviews lasting from 20 to 40 minutes. All the survey interviews were conducted between April 23 and July 27, 2010. In most cases, the interviews were conducted with workers at their workplace, though some of the enterprises elected to provide interviewers with a list of workers to be contacted outside of working hours. As a result of using enterprises as the first stage of sampling, the response rate for this survey is higher than usual for Eastern Europe.[16]

This type of sampling was possible because this survey is concerned only with opinions and perceptions of workers. Obviously, this does not allow conclusions to be drawn about Ukrainians in general, nor it is even a representative sample of the population of the survey cities. Studying this portion of the population may not allow us to explain all political and economic outcomes, since the elderly and those unemployed and out of the labor force have

[15] According to official statistics, Ukraine classifies an enterprise as small if it employs fewer than 50 people during a financial year or produces less than approximately $875 thousand worth of goods or services.
[16] Full details about sampling, response rate, etc. can be obtained from the author.

influence as well, but it is a direct test of the microfoundations of the compensation hypothesis. In addition, understanding influences on this group (workers) is especially important since it makes up the majority of the population and has the greatest influence on current and future economic trends in this region.

Variables

To test economic security, the responses to the following survey questions are used as dependent variables:

a) How satisfied are you with the level of work security at your current job? (*satwithjobsec2* is recoded so that higher values indicate more satisfaction)
   1) Satisfied; 2) Rather satisfied; 3) Rather unsatisfied; 4) Unsatisfied
b) In your opinion, how likely is it that you will lose your job during the next 12 months? (*problosejob*)
   1)Very unlikely; 2) Not very likely; 3) Not likely or unlikely; 4) Likely; 5) Very Likely
c) If you lose your job, how difficult or easy would it be for you to find a new job in your specialty? (*difffindnew*)
   1) Very easy; 2) Easy; 3) Neither easy nor difficult; 4) Difficult; 5) Very Difficult
d) The interaction of b) and c) (*interactsec*)
e) What influence do foreign companies that buy Ukrainian firms have on your opportunities to find a job? Positive, Mostly Positive, No Influence, Mostly Negative, Negative.
f) What influence do foreign companies that open their own branches in Ukraine have on your opportunities to find a job? Positive, Mostly Positive, No Influence, Mostly Negative, Negative.[17]

To test social policy preferences, a set of questions asking to what extent the government is responsible for the following is used:

1) Providing a job, for all who want to work
2) Health care
3) Providing reasonable living conditions for the elderly
4) Providing reasonable living conditions for the unemployed
5) Providing reasonable living conditions for those with limited possibilities
6) Providing vocational or higher education for all those who want it

[17] Questions a, b, and c were asked as part of a section of questions about the respondent's job, which were asked prior to any questions on globalization. Questions e and f were asked at the end of the section of questions about globalization.

7) Providing professional retraining/increasing qualifications for all those who have lost their jobs.
8) Support for pregnant women and mothers of young children
9) Childcare centers for children of working parents
10) Providing people with food and the most necessary goods
11) Providing people with gas, heat and electricity

The answers are a five-point scale ranging from 1 "The state is completely not responsible for this" to 5 "The state is fully responsible for this."

In addition to the questions used to test preferences for different varieties of social welfare support, in order to capture general preferences for social spending, respondents were asked which of the following statements they agreed with most. Each of the statements explicitly points out the link between taxation and social spending.

> Statement 1: The state should **raise** taxes for enterprises and citizens and spend **more** on health care, education, social assistance and unemployment assistance.
> Statement 2: The state should **leave** taxes and expenditures on health care, education, social assistance and unemployment payments **at their current levels**.
> Statement 3: The state should **lower** taxes for enterprises and citizens and spend **less** on health care, education, social assistance and unemployment assistance.[18]

The independent variables indicating job exposure to globalization are dummy variables. *Forownsr* is a self-reported variable equal to one if the respondent indicated that he or she currently works at an enterprise with either foreign ownership or mixed domestic and foreign ownership. *Actualforent* is equal to one if outside sources (the state statistical agency's registry, local government officials, or other sources) indicate that the enterprise has FDI. These are examined separately because many (67%) of the workers at firms with mixed ownership are unaware of their employer's ownership. All workers at the multinational corporation's plant in Eastern Ukraine are aware of its ownership. *Export* is equal to one if the respondent reported that

[18] (Bold in the original, respondents were given a show card with these three statements.)

the enterprise where he or she works exports anything. This is not evaluated separately for self-reported and actual values because employees are much more aware of the true nature of their employer in their self-reporting of exporter status.

Control variables include age, education, several different income measure, sex, occupation, broad industry classification, whether there are other workers in their household, whether the respondent's household has savings, and the existence of spells of recent (since 1991) unemployment. Age may be associated with work experience and seniority, in which case it would be expected to decrease job insecurity. However, given the changes in "transition" economies, it is more likely that age indicates more difficulty finding employment, less opportunity to have saved money, and more reliance on government welfare programs. In addition, age is associated with the length of time a respondent lived under communism which may affect their ideological views, particularly toward the legitimate role of government in the economy. Therefore, I expect that age will be associated with preferences for stronger government involvement in redistribution (or that it will have a positive marginal effect).

Education is included as a series of dummy variables for full or partial higher education and full or partial secondary education; specialized vocational training is the omitted category. In Ukraine, it is legally compulsory for everyone to finish at least 9 classes. This is considered a partial secondary education. Completing 11 classes is a full secondary education. Specialized vocational training is usually the completion of a course at a professional-technical college, which courses are generally 3 years of study following a partial secondary education or one or two years following a full secondary education, depending on the specialty. Specialized vocational training was the modal educational response in the survey cities with more than 42% of respondents characterizing their education in that manner. Respondents in Western Ukraine

were somewhat more likely to have completed higher education than in Eastern Ukraine. Education may be considered a proxy for skill-level. Higher education levels have generally been associated with more job security. However, this may not be the case in the manufacturing-heavy local economies considered in this study. Interviews with one local official revealed that economists and accountants (who have higher education) have much more trouble finding jobs in their city than most technical professions.

Income measures are included for obvious reasons. Those with higher income are less likely to feel that the government needs to provide different social programs. They are also better able to "self-insure" against uncertainty. The most obvious income measure used is monthly household income.[19] However, income is a somewhat sensitive issue in Ukrainian society, in part because many Ukrainian workers receive a significant portion of their wages unofficially. This sensitivity may have been heightened around the survey period due to increased inspections by the Ukrainian tax authorities over unofficial wages and unofficial workers. Over 22% of the survey respondents declined to answer the question about their income. It is also possible that some workers responded to the questions about wages and income by giving their actual income while others reported only their official income. Because of these concerns and the relatively high level of missingness for the income variable, an alternative measure of income was used. This measure is a response to the question, "To what extent does your household income cover your necessary expenses?" with the following options presented on a show card.

> Often we do not have money and food.
> There is not enough for food—sometimes we are hungry
> There is only enough for food
> There is enough for our basic living expenses

[19] Data was collected on both monthly household income and monthly respondent wages. However more than 99% of respondents indicated the same figure as their wages and their household income, even though fewer than 31% indicated that they were the sole member of their household with paying work.

There is enough for all the necessities, but we don't manage to save
There is enough for all the necessities and we have savings.
We have plenty.

More than 47% of respondents chose the center response-- that they have enough for their basic living expenses. Another 33% chose that they have only enough for food. Obviously this indicator is more subjective than a numerical income and may give a better idea of respondents' lifestyle aspirations than income. However, it is a useful measure as a self-assessment of income. The correlation between monthly household income and the responses to the above question is .47.

Female is included to control for the fact that gender gaps have been found in many different policy areas including both welfare state policies and policies related to economic openness.[20] Based on findings in other studies and the economic insecurity women experience relative to men, I expect *female* to increase both the economic insecurity that a respondent reports and the likelihood that a respondent favors more government involvement in redistribution (a positive effect in the analysis). It is uncertain how education might impact preferences for social programs.

Occupation dummy variables are included for enterprise managers/owners, mid-level/departmental mangers, specialists with higher education, professional assistants with technical education, unskilled workers; the omitted (and most common) category is skilled laborer.

Broad industrial categories are as follows: industrial manufacturing, utilities, wholesale and retail trade, forestry, construction, and other. Nearly 77% of respondents' work in industrial manufacturing industries.

[20] Baker 2009, Burgoon and Hiscox 2004, Mayda and Rodrik 2001

Dummy variables are also included to indicate whether the respondent has other workers in his household, whether the household has savings, and whether the respondent has experiences a period of unemployment since 1991. Two (or more) income households should be better able to handle loss of one job, since there is a second income stream. Those with savings may feel the need for government insurance less acutely since they have some measure of self-insurance. Past unemployment spells are expected to increase workers' anxiety about current job loss and increase respondents' assessment of government responsibility for work-related social programs.

Results

First, the results for dependent variables related to economic security are presented. Tables 1-3 show the results of ordered probit analyses. Foreign ownership positively influences reported satisfaction with work security, even when it is measured as actual (unrecognized by the respondent) employment with a foreign enterprise. This effect is significant at the one percent level when using the scale of responses as income relative to necessities. When using actual reported income, the significance of employment with an FDI firm is somewhat lower, although still highly significant for those who know that they are employed at a foreign-owned enterprise. The difference between the two models may be due to the significant drop in the number of observation due to the relatively high level of missingness in the monthly household income variable.

Unlike employment with an FDI firm, working for an exporting enterprise significantly lowers reported satisfaction with work security. This supports the idea that even if someone is essentially a "winner" from globalization (i.e. working for a firm that produces for the

international market), they can still be less satisfied with their job security relatively to similar individuals whose employment is not exposed to the international market.

In addition, although the evidence is quite weak, it may be that there are community-level effects since, in some of the models, respondents in the high-FDI cities report significantly higher satisfaction with work security, relative to respondents in the low-FDI city in eastern Ukraine. The control variables do not reveal any surprises. Relative to the excluded category of manufacturing production enterprises, workers in other industries are somewhat more satisfied with their work security. Those who report having had unemployment spells since 1991 have lower levels of satisfaction with their job security. Those who are employed in upper- or mid-level management or are in skilled occupations requiring education report more satisfaction with their work security than skilled workers without special education. One somewhat puzzling outcome is that even unskilled workers are fairly consistently (3 of the 4 models) more satisfied with their work security than are skilled workers.

[Table 1 about here]

However, satisfaction with work security can be interpreted in a number of different ways and differences in reported satisfaction may have to do with different expectations or hopes for a job, rather than actual differences in job security. Therefore, for additional insight we turn to a measure of employment security that asks specifically about the probability that the worker will lose his or her job during the coming year. Here higher values of the dependent variable mean a greater likelihood of losing one's job (or a negative coefficient means more job security). Here both self-reported and actual employment with an FDI enterprise leads to a *greater* probability of job loss in the near future. Working for an exporter has no significant effect. There are no

consistent community-level effects, even though in some of the models one or another of the cities is moderately significantly different from the others. People who report income being more adequate to their needs, having savings, or being mid-level management are more secure in their jobs, as are younger people. This finding about workers in FDI enterprises is a little difficult to reconcile with the previously discussed finding that they are more satisfied with their work security. One possible explanation is that workers at domestic enterprises compare their current work security with work security under the old system (where job security was absolute) and are, thus, less satisfied by comparison, since the enterprises where they work are often privatized versions of Soviet-era state-owned enterprises. Workers in FDI firms, on the other hand, are much more likely to be work in enterprises that either were not present at all before transition or that have gone through visible changes and, therefore, have different expectations of job security and are "satisfied" even with a higher likelihood of job loss. Another possibility is that because these FDI workers are "winners" from globalization, they accept the higher risk of job loss as the price of other benefits that they may experience and so are "satisfied" with their jobs. Additional work with this survey data in the future will explore explanations for this possible inconsistency.

[Table 2 about here]

Another way to look at job security is not simply the possibility of losing one's job, but also the difficulty in finding an equivalent job if you were to lose your current job. This has sometimes been used as a measure of skill-specificity. Neither foreign ownership nor exporter status is a significant determinant of how difficult people think finding an equivalent job in their specialty

would be.[21] Examining the interaction of probability of job loss and difficulty of finding a new job (as in Mughan and Lacy 2003) shows that foreign ownership increases job insecurity, but that exporting has no effect. The substantive marginal effect of foreign ownership on the probability that respondents have higher values of this interaction term is quite large—it nearly doubles the probability that the interaction term takes on its "worst" value, while significantly decreasing the probability of it taking on intermediate values. It also indicates that those in the low-FDI cities may have somewhat more job insecurity than others, but such results are extremely weak.

[Table 3 about here]

The responses to the questions explicitly asking individuals how they think FDI influences their job opportunities (either buying existing firms or opening new branches) show that those who actually work at FDI enterprises recognize that FDI has a positive impact on their job opportunities. They are less likely to report that it has a negative or mostly negative impact on their opportunities, and more likely to answer positive or mostly positive. This effect is stronger for those who recognize that they work at a foreign-owned firm, but exists even for those who do not. There is no community-level effect of FDI (even omitting individual-level exposure to globalization), even though this question would be expected to elicit a response if the job creation associated with FDI impacted people's perceptions.

[Table 4 about here]

[21] Results not presented here, but available from the author on request.

Turning now to individuals' views on social welfare programs, it seems that those who work for foreign owned enterprises are, in fact, significantly more likely to believe that the government is responsible for some social welfare programs. For the sake of brevity in the presentation of results, Table 5 shows the sign and significance of the independent variables in the series of ordered probit analyses that were performed using these variables. Positive coefficients indicate that respondents expressed a preference for more government responsibility in a given area. All control variables are the same as those listed in Tables 1-3. Those who recognize that they work for an enterprise with foreign ownership are significantly more likely to state that the government is partially, mostly or totally responsible for job retraining for those who lose their jobs; providing food and basic necessities; providing reasonable conditions for the old, unemployed and those with limited opportunities; and providing vocational or higher education for all those who want it. When those who do not realize that they work at foreign-owned enterprises are included they still are more likely to state that the government has a higher level of responsibility for providing food and basic necessities (as well as gas, energy, and electricity), but are significantly less likely to say that government should provide health care. These results are generally consistent with the supposition that FDI-induced insecurity should strengthen people's preferences for programs that assist people in the event of job loss, since FDI-exposed workers more strongly favor retraining and providing unemployment insurance. Their stronger preferences for other social programs (old-age, education, food subsidies) are not entirely as predicted by Burgoon (2001), but obviously they may be consistent with those who experience higher employment uncertainty during their lives.

Perhaps more interesting is the responses of those that work for exporting firms. They are less likely than those without international exposure at work to hold government responsible for

providing jobs, old-age support, unemployment insurance, assistance for those with limited possibilities, education and support for pregnant women and mothers of young children. This outcome is inconsistent with the idea that all exposure to globalization has similar effects on welfare state demands. However, it is consistent with the finding that working for an exporter does not increase the expectation of job loss, while FDI exposure does. Furthermore, the fact that there is a significant, negative effect for so many of the social programs that were included in the survey indicates that those working for exporters either do benefit economically[22] so they are less likely to feel that they will need social insurance or that they are more likely to make a connection between social insurance, high taxes, and international competitiveness.

[Table 5 about here]

Turning to the policy question that asks about spending on social programs in general with a tradeoff with taxation, again those who work for FDI firms are significantly less likely to favor welfare state retrenchment even if it represents a tax cut, and weakly significantly more likely to favor increased spending even with increased taxes. Working for an exporter again has no influence on this policy preference.

[Table 6 about here]

These results offer some direct support for the hypothesis that those with higher FDI exposure at work do fear losing their jobs more than similarly placed workers in domestic industries. Furthermore, these results indicate that this effect is due to individuals employed with FDI-firms as proposed by Scheve and Slaughter (2004) and not because of a competition effect among domestic workers in FDI-exposed industries. These data also support a direct link between FDI-

[22] Working for an exporter is not a significant determinant of income, wages, self-assessment of income adequacy or whether an individual has savings.

exposure and preferences for more social welfare spending and greater government responsibility in ensuring certain social outcomes. In these ways, this study provides support for the micro-foundations of the compensation hypothesis in a post-communist context. However, these results also question whether trade and FDI should be expected to have the same effects on workers' economic security and social policy preferences.

Further work with this data will examine industry-level exposure to FDI and imports, and exports.

Discussion

This paper examines a small group of people who are generally rather insulated from the international economy. They live in a country that is on the periphery of the world economy. They live in small, geographically-isolated communities. They have decidedly limited options when it comes to labor mobility within their communities and face high costs of migrating elsewhere, even within their own country, to seek different employment. Two of these communities, for reasons which I argue are idiosyncratic, have received FDI from the US and the EU. In spite of the fact that many of the individuals in these cities and employed by these firms recognize that FDI probably increases their personal opportunities and is generally beneficial for their country and countrymen, they still report greater fear over losing their jobs than their domestically-employed neighbors. This fear exists in spite of the fact that the foreign investment related to their jobs is primarily in physical capital that cannot be easily or inexpensively removed. In spite of these fears, they are generally more satisfied with their jobs. However, they do express a stronger preference for various kinds of government-sponsored protection from economic difficulties.

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Table 1: Dependent Variable: To what extent are you satisfied with the level of work security at your current job?

	(1)	(2)	(3)	(4)
actualforent		0.394		0.131
		(0.126)**		(0.14)
forownsr	0.919		1.029	
	(0.223)**		(0.251)**	
exporter	-0.283	-0.286	-0.344	-0.255
	(0.099)**	(0.097)**	(0.115)**	(0.108)*
age	0.005	0.003	0.005	0.002
	(0.00)	(0.00)	(0.00)	(0.00)
female	-0.054	-0.069	-0.002	-0.005
	(0.09)	(0.09)	(0.10)	(0.10)
unemp91	-0.25	-0.318	-0.233	-0.291
	(0.101)*	(0.098)**	(0.109)*	(0.105)**
enterprise manager	1.309	1.355	1.639	1.649
	(0.385)**	(0.389)**	(0.468)**	(0.471)**
department manager	0.757	0.75	0.976	0.887
	(0.200)**	(0.194)**	(0.238)**	(0.230)**
specialist	0.389	0.356	0.528	0.468
	(0.181)*	(0.169)*	(0.198)**	(0.188)*
assistant tech. personnel	0.277	0.25	0.371	0.314
	(0.138)*	(0.13)	(0.157)*	(0.152)*
unskilled workers	0.304	0.24	0.377	0.342
	(0.145)*	(0.14)	(0.150)*	(0.142)*
energy, gas, water	0.726	0.587	0.809	0.609
	(0.194)**	(0.171)**	(0.209)**	(0.194)**
wholesale and retail trade	0.124	0.228	-0.194	-0.159

	(0.36)	(0.35)	(0.38)	(0.37)
ZhKP	0.545	0.639	0.472	0.556
	(0.259)*	(0.257)*	(0.27)	(0.259)*
forestry	1.742	1.771	1.8	1.752
	(0.588)**	(0.597)**	(0.602)**	(0.598)**
construction	0.227	0.231	0.242	0.239
	(0.32)	(0.30)	(0.34)	(0.33)
other	0.678	0.586	0.803	0.652
	(0.245)**	(0.247)*	(0.253)**	(0.250)**
HighFDIEast	0.16	0.25	0.219	0.359
	(0.15)	(0.13)	(0.16)	(0.147)*
LowFDIWest	(0.07)	(0.09)	0.058	0
	(0.14)	(0.13)	(0.15)	(0.14)
HighFDIWest	0.24	0.09	0.435	0.348
	(0.14)	(0.14)	(0.149)**	(0.147)*
enoughinc	0.214	0.253		
	(0.059)**	(0.056)**		
monthinchh			0	0
			(0)	(0)
Observations	796	832	656	676

--Not displayed are the insignificant coefficients for education-level dummies for full and partial higher education and full and partial secondary education; being the sole provider; having savings

* significant at 5%; ** significant at 1%

Table 2: How likely is it that you will lose your job during the next 12 months?

	(1)	(2)	(3)	(4)
actualforent		0.487		0.472
		(0.121)**		(0.129)**
forownsr	1.149		1.143	
	(0.239)**		(0.273)**	
exporter	-0.106	-0.052	-0.201	-0.088
	(0.10)	(0.10)	(0.12)	(0.11)
age	0.016	0.016	0.018	0.017
	(0.004)**	(0.004)**	(0.004)**	(0.004)**
female	0.094	0.088	0.114	0.112
	(0.09)	(0.09)	(0.10)	(0.10)
highered	0.23	0.26	0.286	0.357
	(0.14)	(0.14)	(0.16)	(0.154)*
parthighed	0.07	(0.04)	0.128	0.102
	(0.20)	(0.20)	(0.23)	(0.23)
avged	-0.029	-0.017	-0.072	-0.038
	(0.12)	(0.12)	(0.13)	(0.13)
lessavg	0.83	0.78	0.751	0.708
	(0.67)	(0.65)	(0.66)	(0.65)
soleprovider	-0.116	-0.101	-0.204	-0.185
	(0.09)	(0.09)	(0.10)	(0.10)
unemp91	0.21	0.17	0.214	0.168
	(0.108)*	(0.11)	(0.12)	(0.11)
enterprise manager	-0.155	-0.199	-0.439	-0.446
	(0.30)	(0.28)	(0.35)	(0.32)
department manager	-0.351	-0.414	-0.562	-0.618
	(0.167)*	(0.164)*	(0.172)**	(0.170)**
specialist	-0.377	-0.394	-0.45	-0.538
	(0.165)*	(0.171)*	(0.181)*	(0.184)**
assistant prof-tech. personnel	0	-0.036	-0.004	0.004
	(0.13)	(0.13)	(0.15)	(0.14)
unskilled workers	0.09	0.02	0.039	0.031
	(0.18)	(0.17)	(0.19)	(0.19)
energy, gas, water	-0.182	-0.076	-0.346	-0.254
	(0.17)	(0.16)	(0.169)*	(0.16)
wholesale and retail trade	0.61	0.81	0.14	0.286
	(0.39)	(0.374)*	(0.37)	(0.37)
ZhKP	-0.109	-0.02	-0.129	-0.029
	(0.20)	(0.20)	(0.21)	(0.21)
forestry	-0.393	-0.385	-0.401	-0.444
	(0.44)	(0.43)	(0.43)	(0.43)
construction	0.43	0.48	0.433	0.543
	(0.29)	(0.28)	(0.31)	(0.31)
other	-0.276	-0.391	-0.586	-0.668
	(0.24)	(0.24)	(0.274)*	(0.268)*
havesavings	-0.338	-0.326	-0.425	-0.328
	(0.145)*	(0.139)*	(0.181)*	(0.165)*
HighFDIEast	0.062	0.258	0.22	0.454

	(0.15)	(0.14)	(0.17)	(0.155)**
LowFDIWest	0.26	0.30	0.191	0.26
	(0.14)	(0.131)*	(0.15)	(0.15)
HighFDIWest	0.066	-0.006	-0.063	-0.052
	(0.13)	(0.13)	(0.13)	(0.14)
howcoping1	-0.324	-0.283		
	(0.058)**	(0.056)**		
monthinchh			0	0
			(0.000)*	(0.000)*
Observations	683	712	578	595

Robust standard errors in parentheses
* significant at 5%; ** significant at 1%

Table 3: Interaction of the probability that "you will lose your job in the next 12 months" and "how difficult would it be for you to find an equivalent job?"

	(1)	(2)
actualforent	0.33	
	(0.115)**	
forownsr		0.768
		(0.202)**
exporter	-0.099	-0.14
	(0.10)	(0.10)
age	0.016	0.016
	(0.004)**	(0.004)**
female	0.111	0.114
	(0.08)	(0.09)
highered	0.191	0.141
	(0.13)	(0.13)
parthighed	-0.084	-0.004
	(0.19)	(0.19)
avged	-0.047	-0.05
	(0.11)	(0.11)
lessavg	0.319	0.353
	(0.54)	(0.55)
soleprovider	-0.074	-0.088
	(0.09)	(0.09)
unemp91	-0.308	-0.259
	(0.29)	(0.31)
enterprise manager	-0.393	-0.338
	(0.157)*	(0.158)*
department manager	-0.312	-0.278
	(0.17)	(0.16)
specialist	0.029	0.068
	(0.12)	(0.12)
assistant personnel with professional-technical education	0.069	0.112
	(0.16)	(0.16)
unskilled workers	-0.274	-0.299
	(0.055)**	(0.058)**
energy, gas, water	0.101	0.127
	(0.10)	(0.10)
wholesale and retail trade	-0.038	-0.159
	(0.16)	(0.18)
ZhKP	0.716	0.522
	(0.42)	(0.43)
forestry	-0.03	-0.087

	(0.18)	(0.19)
construction	-0.527	-0.547
	(0.38)	(0.38)
other	0.461	0.42
	(0.32)	(0.33)
havesavings	-0.415	-0.351
	(0.24)	(0.24)
HighFDIEast	-0.26	-0.257
	(0.14)	(0.14)
LowFDIWest	0.16	0.031
	(0.13)	(0.14)
HighFDIWest	0.266	0.231
	(0.131)*	(0.14)
howcoping	-0.036	-0.001
	(0.13)	(0.13)
Observations	697	668

Robust standard errors in parentheses

* significant at 5%; ** significant at 1%

Table 4: How does (a) foreign firms buying Ukrainian firm (1-4) or (b)foreign firms opening branches in Ukraine (5-8) affect your job opportunities? 1=Positively, 5=Negatively

	(1) buy	(2) buy	(3) buy	(4) buy	(5) open	(6) open	(7) open	(8) open
actualforent	-0.32		-0.455		-0.572	-0.544		
	(0.134)*		(0.146)**		(0.135)**	(0.149)**		
forownsr		-0.701		-0.383			-0.872	-0.656
		(0.249)**		(0.28)			(0.236)**	(0.273)*
exporter	-0.14	-0.117	-0.116	-0.148	-0.107	-0.106	-0.115	-0.096
	(0.10)	(0.10)	(0.12)	(0.12)	(0.10)	(0.12)	(0.10)	(0.12)
age	0.01	0.011	0.009	0.01	0.009	0.009	0.011	0.01
	(0.004)**	(0.004)**	(0.004)*	(0.004)*	(0.004)*	(0.004)*	(0.004)**	(0.004)*
female	0.071	0.071	0.066	0.066	0.081	0.034	0.067	0.041
	(0.08)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
highered	-0.149	-0.208	-0.233	-0.271	-0.253	-0.24	-0.273	-0.204
	(0.15)	(0.16)	(0.17)	(0.17)	(0.14)	(0.16)	(0.15)	(0.17)
parthighed	-0.288	-0.387	-0.439	-0.448	-0.318	-0.509	-0.449	-0.519
	(0.19)	(0.194)*	(0.211)*	(0.217)*	(0.21)	(0.239)*	(0.213)*	(0.246)*
avged	-0.106	-0.11	-0.128	-0.108	-0.015	-0.072	-0.023	-0.055
	(0.11)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
lessavg	0.232	0.233	0.251	0.32	0.163	0.108	0.188	0.17
	(0.43)	(0.44)	(0.43)	(0.44)	(0.46)	(0.45)	(0.47)	(0.46)
soleprovider	0	0.004	-0.048	-0.052	-0.028	-0.043	-0.043	-0.048
	(0.09)	(0.09)	(0.11)	(0.11)	(0.09)	(0.11)	(0.09)	(0.11)
unemp91	-0.189	-0.076	0.157	0.298	-0.07	0.175	0.029	0.271
	(0.30)	(0.31)	(0.32)	(0.33)	(0.30)	(0.31)	(0.30)	(0.32)
energy, gas, water	0.195	0.378	0.429	0.609	0.082	0.187	0.292	0.411
	(0.16)	(0.173)*	(0.178)*	(0.183)**	(0.16)	(0.18)	(0.17)	(0.181)*
wholesale and retail trade	0.161	0.203	-0.118	0.052	0.122	-0.219	0.152	-0.016
	(0.32)	(0.31)	(0.25)	(0.25)	(0.36)	(0.25)	(0.35)	(0.25)
ZhKP	0.101	0.152	-0.026	0.014	0.054	-0.054	0.118	0.006
	(0.21)	(0.22)	(0.22)	(0.22)	(0.22)	(0.23)	(0.22)	(0.23)
forestry	0.001	0.023	-0.001	0.031	-0.061	-0.044	-0.014	-0.03
	(0.31)	(0.30)	(0.29)	(0.29)	(0.33)	(0.31)	(0.32)	(0.30)
construction	-0.804	-0.672	-0.581	-0.479	-0.71	-0.568	-0.573	-0.428
	(0.294)**	(0.301)*	(0.31)	(0.32)	(0.264)**	(0.273)*	(0.263)*	(0.27)
other	0.299	0.27	0.33	0.381	0.392	0.322	0.352	0.335
	(0.24)	(0.25)	(0.28)	(0.29)	(0.22)	(0.25)	(0.22)	(0.26)
havesavings	0.06	-0.013	-0.014	-0.059	0.013	-0.031	-0.044	-0.061
	(0.14)	(0.14)	(0.16)	(0.17)	(0.13)	(0.15)	(0.14)	(0.16)
HighFDIEast	-0.164	0.063	-0.091	0.045	0.017	0.091	0.265	0.295
	(0.15)	(0.15)	(0.17)	(0.18)	(0.14)	(0.16)	(0.15)	(0.17)
LowFDIWest	0.039	0.159	0.267	0.384	0.172	0.299	0.306	0.42
	(0.13)	(0.14)	(0.14)	(0.143)**	(0.13)	(0.138)*	(0.135)*	(0.142)**
HighFDIWest	0.133	0.22	0.388	0.441	0.32	0.421	0.345	0.468
	(0.15)	(0.15)	(0.159)*	(0.159)**	(0.143)*	(0.156)**	(0.145)*	(0.157)**
howcoping1	-0.003	0.023			-0.013		0.002	

	(0.06)	(0.06)			(0.06)		(0.06)	
monthinchh			0	0		0		0
			(0)	(0)		(0)		(0)
Observations	757	724	623	604	750	621	719	602

Robust standard errors in parentheses

* significant at 5%; ** significant at 1%

--not displayed are the insignificant coefficients for occupations (management, mid-level management, specialist, assistant prof-tech. personnel and unskilled worker)

TABLE 5:

How much is the following the state's responsibility ?	Self-reported foreign ownership	Exporter	Actual foreign ownership	Exporter
1) Providing a job, for all who want to work		-**		-**
2) Healthcare			-*	
3) Providing reasonable living conditions for the elderly	+*	-**		-*
4) Providing reasonable living conditions for the unemployed	+*	-*		
5) Providing reasonable living conditions for those with limited possibilities	+*	-**		-**
6) Providing vocational or higher education for all those who want it	+*	-*		
7) Providing professional retraining/increasing qualifications for all those who have lost their jobs.	+*			
8) Support for pregnant women and mothers of young children		-*		-**
9) Childcare centers for children of working parents				
10) Providing people with food and the most necessary goods	+**		+**	
11) Providing people with gas, heat and electricity			+**	

* significant at 5%; ** significant at 1%

+ indicates preference for greater responsibility for the state, - indicates less responsibility.

Table 6: More, the same, or less taxing and spending on social policies (-1=More taxes and spending, 1=less taxes and spending)

	(1)	(2)	(3)	(4)
actualforent			-0.144	-0.315
			(0.14)	(0.161)*
forownsr	-0.443	-0.547		
	(0.213)*	(0.244)*		
exporter	0.174	0.215	0.135	0.196
	(0.12)	(0.14)	(0.11)	(0.13)
age	0.002	0	0.003	0
	(0.00)	(0.00)	(0.00)	(0.00)
female	-0.012	0.014	-0.022	-0.005
	(0.10)	(0.11)	(0.09)	(0.11)
highered	0.165	0.151	0.074	0.036
	(0.16)	(0.18)	(0.16)	(0.18)
parthighed	-0.161	0.014	-0.133	-0.008
	(0.27)	(0.30)	(0.25)	(0.29)
avged	-0.042	-0.094	-0.018	-0.107
	(0.13)	(0.14)	(0.13)	(0.14)
lessavg	-0.371	-0.468	-0.36	-0.474
	(0.28)	(0.27)	(0.28)	(0.27)
soleprovider	-0.145	-0.168	-0.134	-0.139
	(0.10)	(0.12)	(0.10)	(0.12)
enterprise manager	-0.178	0.018	-0.136	0.063
	(0.34)	(0.37)	(0.34)	(0.37)
department manager	-0.162	-0.114	-0.182	-0.086
	(0.20)	(0.23)	(0.20)	(0.23)
specialist	-0.285	-0.283	-0.231	-0.201
	(0.19)	(0.22)	(0.18)	(0.21)
assistant prof-tech. personnel	-0.05	-0.113	-0.1	-0.152
	(0.13)	(0.15)	(0.13)	(0.15)
unskilled workers	-0.177	-0.151	-0.175	-0.106
	(0.19)	(0.21)	(0.19)	(0.21)
unemp91	0.113	0.085	0.091	0.109
	(0.12)	(0.12)	(0.11)	(0.12)
energy, gas, water	0.103	0.03	0.081	0.037
	(0.18)	(0.19)	(0.17)	(0.19)
wholesale and retail trade	0.295	-0.402	-0.147	-0.519
	(0.54)	(0.62)	(0.55)	(0.60)
ZhKP	0.261	0.162	0.245	0.131
	(0.25)	(0.26)	(0.25)	(0.25)
forestry	1.271	1.156	1.301	1.177
	(0.76)	(0.75)	(0.75)	(0.75)
construction	-0.354	-0.176	-0.468	-0.255

	(0.36)	(0.36)	(0.36)	(0.36)
other	0.002	-0.105	0.052	-0.04
	(0.26)	(0.30)	(0.25)	(0.29)
havesavings	-0.274	-0.326	-0.272	-0.358
	(0.19)	(0.25)	(0.18)	(0.22)
HighFDIEast	-0.348	-0.066	-0.507	-0.224
	(0.168)*	(0.19)	(0.153)**	(0.18)
LowFDIWest	0.182	0.403	0.108	0.371
	(0.15)	(0.155)**	(0.15)	(0.159)*
HighFDIWest	0.175	0.424	0.105	0.433
	(0.17)	(0.175)*	(0.16)	(0.176)*
howcoping1	0.043		0.037	
	(0.07)		(0.06)	
monthinchh		0		0
		(0)		(0)
Observations	667	561	700	580

Robust standard errors in parentheses
* significant at 5%; ** significant at 1%