

A Culture of Favoritism: Corporate Privilege and Beliefs about Markets and Government

Matthew D. Mitchell, with Scott Eastman and Tamara Winter



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3434 Washington Blvd., 4th Floor, Arlington, Virginia 22201

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ABSTRACT

This paper discusses a national survey of business leaders that sought to determine how government favoritism toward particular firms correlates with attitudes about government, the market, and selectively favorable economic policy. Findings indicate that those individuals who believe they work for favored firms are more likely to approve of free markets in the abstract but also more likely to say the US market is currently too free. These individuals are more skeptical of competition and more inclined to approve of government intervention in markets. They also are more likely to approve of government favoritism and to believe that favoritism is compatible with a free market. Those who have direct experience with economic favoritism or are more attuned to such favoritism are more likely to have distorted perceptions of free-market capitalism and are more comfortable with further favoritism.

JEL codes: D, D72, H, H81, M14

Keywords: favoritism, culture, corporate welfare, privilege, rent-seeking, cronyism, crony capitalism

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The proposal of any new law or regulation which comes from [businessmen], ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it.

—Adam Smith, 1776¹

You must separate out being “pro-free enterprise” from being “pro-business.” The two greatest enemies of the free enterprise system in my opinion have been on the one hand my fellow intellectuals, and on the other hand, the big businessmen—for opposite reasons. Almost every businessman is in favor of free enterprise for everybody else, but special privilege and special government protection for himself. As a result, they have been a major force in undermining the free enterprise system.

—Milton Friedman, 1980²

Can capitalism survive? No. I do not think it can.

—Joseph A. Schumpeter, 1942³

1. INTRODUCTION

The aim of this study is to assess the prevalence of government favoritism toward particular firms or industries and to examine how familiarity with favoritism relates to beliefs about markets, about government, and about the legitimacy of favoritism itself.

To answer these questions, a survey instrument was developed, which can be found in appendix D. This survey was implemented by Hanover Research Council, LLC, in October 2017. The primary interest is in business culture, and so the survey probed the beliefs of 500 business leaders—those who either share or completely own decision-making responsibilities in their firms. In some cases, it was helpful to compare their answers with those of a more general population, so the survey also included a broader population of 500 individuals who were not necessarily business leaders.⁴ Appendix A presents summary statistics for the business population.⁵ The sample means for all variables are also presented, broken down by whether or not each respondent believed his or her firm to be privileged—that is, in some way the beneficiary of government favoritism. Responses are weighted according to each respondent’s representation among the general population.⁶ To qualify for the survey, each respondent had to be age 18 or older and currently reside in the United States. Those who were identified as business leaders

were also required to be employed full time, be manager level or above, know the size of their firm, be knowledgeable of their firm’s financials, and either be decision makers or have influence over the firm’s financial decisions.

The survey results indicate the following findings:

- About 61 percent of business leaders perceive their firm to benefit from at least one of the following forms of favoritism: direct loans; loan guarantees; subsidies; bailouts (or the expectation thereof); regulatory barriers to competition; tax breaks or privileges such as tax credits; tariffs or quotas on foreign competition; government-created monopoly; or other assistance.
- The average respondent reports that his or her firm benefits from two forms of favoritism, and about half the sample—47 percent—report that their firms benefit from two or more forms of favoritism.
- The most commonly reported form of favoritism is tax breaks, reported by about 43 percent of respondents, followed by direct loans and then regulatory privileges.
- Over 67 percent of business leaders believe that their firms are at least somewhat dependent on government favor and that their firms would be negatively affected without

it, even if other firms in their industry also went without privileges.

- Concerning beliefs about markets, those business leaders who believe they work for privileged firms are
 - 10 percent more likely to believe markets should be generally free (in the abstract) and 5.8 percent less likely to believe they should be regulated (again, in the abstract).
 - Nearly 10 percent more likely to agree and about 5.4 percent less likely to disagree that a freer market serves the general public.
 - 9.5 percent more likely to believe that, at present, the US market is too free and 8.4 percent less likely to believe the US market is not free enough.
 - 8.5 percent more likely to agree that competition is unfair to business and 10.3 percent less likely to disagree that competition is unfair to industry.
- When it comes to beliefs about government, business leaders who think they work for privileged firms are
 - 11.7 percent more likely to approve of more-than-moderate government involvement in the economy and about 8.3 percent less likely to approve of less-than-moderate government involvement in the economy.
 - 9.4 percent more likely to agree and about 8 percent less likely to disagree that regulations benefit consumers.
 - More than 16 percent more likely to agree and about 14 percent less likely to disagree that regulations benefit the economy.
- 10.7 percent more likely to agree and 6.8 percent less likely to disagree that competition is limited by government.
- On beliefs about favoritism itself, business leaders who believe they work for privileged firms are
 - Nearly 18 percent more likely to believe that government should favor specific businesses or industries compared with those who do not believe they work for privileged firms.
 - 10.6 percent more likely to support and just over 10 percent less likely to oppose government “assistance” to firms (note that this is a slightly different way to ask the previous question).
 - More than three times (27.8 percent versus 8.4 percent) more likely to hold the contradictory set of beliefs that markets should be free and government should favor particular firms.
 - 10.4 percent more likely to say that government assistance has a positive effect on the economy and 8.4 percent less likely to say that government assistance has a negative effect on the economy.
 - 9.8 percent less likely to say that either customer focus or a unique business model is the most important factor in business success.
 - 7.4 percent more inclined to say that either knowledge of influential policymakers or government assistance is the most important factor in business success.

The simple measure of favoritism sometimes loses statistical significance when controls are

included in the regression. We also explore an alternative measure of favoritism—a continuous variable showing the degree to which a business leader believes that his or her firm is dependent on government favor. This variable tends to achieve higher levels of statistical significance

and tends to remain significant when a full set of controls is added to the regression. This suggests that the effects of favoritism on cultural understandings grow stronger the more dependent one's firm is on favoritism.

2. CULTURE AND FAVORITISM

Economic privilege is pathological.⁷ When governments favor particular firms, industries, or occupations, people expend effort seeking these favors. This endeavor, which economists call rent-seeking, is often socially wasteful because it entails effort without creating any value.⁸ Privilege invites the misallocation of talent, prompting entrepreneurs to devise new ways to obtain privilege rather than new ways to create value.⁹ Privilege undermines competition, weakening the incentive for firms to economize on cost or to maximize consumer welfare.¹⁰ It locks in antiquated technology and throttles growth.¹¹ Beyond these materialist concerns, privilege seems to invite corruption.¹² It erodes economic freedom.¹³ Above all, economic privilege favors the elite and is manifestly unjust.¹⁴

What determines the degree of economic privilege in a society? Privilege is shaped, in part, by institutions—the formal and informal rules that constrain our behavior.¹⁵ But it is also shaped by culture. Distinct from institutional rules, culture is better conceived of as a pattern of shared meanings.¹⁶ These shared meanings can include both normative perceptions of what is right as well as positive perceptions of how the world works. “Reality,” explains the economist Virgil Henry Storr, “is processed through the lens of culture. As such, different cultural lenses can and do give rise to different conceptions of the

good, different economic choices, and so different economic outcomes.”¹⁷

But not all shared meanings are socially beneficial. Storr and fellow economist Seung Ginny Choi have recently argued that some societies have “a culture of rent-seeking” that “legitimize[s] and orient[s] the members . . . toward certain rent-seeking activities.”¹⁸ In such a culture, it is “acceptable for citizens and policy makers to buy and sell policies and privileges.” A culture can support favoritism if it either fails to condemn it or celebrates it. Storr and Choi, for example, quote the historian T. Harry Williams on Louisiana’s particularly nonchalant approach to favoritism and corruption: “Without question Louisianans have a concept of corruption not found in other states. They seem to accept it as a necessary concomitant of political life, and on occasion, even to delight in it. . . . There is even a tendency to admire a deal if it is executed with skill and a flourish and, above all, with a jest.”

Storr and Choi’s work is particularly relevant in light of concerns expressed by Adam Smith, Milton Friedman, and Joseph Schumpeter. While all three economists extolled the virtues of a free market, each was skeptical of business leaders and their interaction with public policymakers. This did not mean they believed the interests of business leaders were always incompatible with the general interest. But when it came to special

privilege, these economists worried that there was a conflict. Individual businesses stand to gain from policies that limit competition or somehow favor one firm or industry over others, resulting in the pathologies already discussed. Schumpeter, in fact, believed this process invited the inevitable death of free enterprise.¹⁹

Because they are typically better informed about policies that are relevant to their businesses and because they are relatively small in number compared with consumers or taxpayers, business leaders are able to organize more

effectively than other groups and can exercise outsized influence over public policy.²⁰ So if the business community shares a culture of rent-seeking—that is, if it shares the understanding that favoritism is economically beneficial, that competition is unjust, or that it is acceptable to ask for special treatment—then favoritism is liable to become entrenched, especially if the institutional checks on it are weak. Ironically, these types of cultural perceptions about favoritism may be reinforced through exposure to favoritism itself.

3. MEASURES OF GOVERNMENT FAVORITISM

This study uses two principal measures of favoritism. The first assesses whether or not a respondent believes his or her firm benefits from government privilege, while the second assesses the degree to which a respondent believes his or her firm is dependent on government privilege. One might take these measures as evidence of favoritism itself, but it is possible they might simply be indications that respondents are attuned to or aware of privileges. Section 4 details how these measures correlate with certain beliefs. But the raw responses are noteworthy in their own right, and these are detailed in this section.

This survey was conducted online, comprised 61 questions, and took participants approximately 10 to 15 minutes to complete. Participants were offered a nominal incentive to participate (\$27 for business leaders and \$4 for the non-business-leader comparison population). In addition to requirements that they be 18 years old and currently reside in the United States, those who were identified as business leaders were required to be employed full time, to be manager level or above, to know the size of their firm, to be knowledgeable of their firm's financials, and to either be decision makers or have influence over the firm's financial decisions.²¹ As detailed later, the sample included respondents from each of the 20 broad categories of industries in the

North American Industry Classification System (NAICS). As shown in table B1, the sample drew heavily from the areas of services, manufacturing, finance and insurance, and healthcare and social assistance. The average respondent's firm employed about 1,500 people and had annual revenue of about \$787 million. Appendix A presents more detailed descriptive statistics for the sample.

3.1. PERCEPTIONS OF FIRM AND INDUSTRY FAVORITISM

The first measure is a simple indicator variable denoting whether or not the respondent believes his or her firm benefits from government favoritism. To create it, respondents were asked in the business leader sample to indicate whether they perceived their firm to benefit from any of the following forms of government favoritism:²²

1. Direct loans
2. Loan guarantees
3. Subsidies
4. Bailouts, or the expectation thereof
5. Regulatory barriers to competition (for example, licensing)
6. Tax breaks or privileges such as tax credits
7. Tariffs or quotas on foreign competition

- 8. Government-created monopoly
- 9. Other assistance

Respondents were able to choose as many or as few of these forms of privilege as they wanted. Then, an indicator variable called Any Privilege was created, which takes the value 1 if the respondent reported that his or her firm benefits from any one of the privileges and 0 otherwise. Table 1 shows the descriptive statistics for this variable, while figure 1 shows responses by the number of distinct forms of privilege listed by respondents. In the next section, Any Privilege is used as one of the two measures of favoritism to see how it correlates with perceptions of markets, of government, and of favoritism itself.

About 61 percent of respondents perceive their firm to benefit from at least one form of favoritism, with a standard deviation of 0.49. If the forms of privilege reported by each respondent are counted, 0 is the modal answer, reported by 39.3 percent of the sample. The average respondent reported that his or her firm benefits from two forms of favoritism. Among those who reported that their firms benefit from at least one form of government favoritism, the most common response, given by 13.7 percent of the sample, was to report one form. On the other hand, about half the sample, 47 percent, reported that their firms benefit from two or more forms

of favoritism. In general, a progressively smaller share of the sample reported that their firms benefit from progressively more forms of privilege.

Figure 2 indicates the forms of privileges reported. The most commonly reported privilege was a tax break, indicated by 42.6 percent of respondents, followed by direct loans and regulatory privileges. The least-common forms of privilege were other, government-created monopoly, and bailouts (or the expectation thereof).

Business leaders were asked to indicate the industry in which their firms operate. Respondents were given an option of 20 different industries, drawing from the NAICS. This made it possible to average respondents' answers by industry and to compare self-reported favoritism by industry with general perceptions of favoritism by industry. The results of this analysis can be found in appendix B.²³

3.2. PERCEPTIONS OF PRIVILEGE DEPENDENCY

Now we turn to the second measure of self-perceived favoritism, Privilege Dependency. Unlike the dichotomous variable Any Privilege, Privilege Dependency is a continuous variable, capturing the degree of favoritism. But it also captures another piece of information: it measures the degree to which a respondent believes his or her firm depends upon the privileges it receives. Respondents were asked,

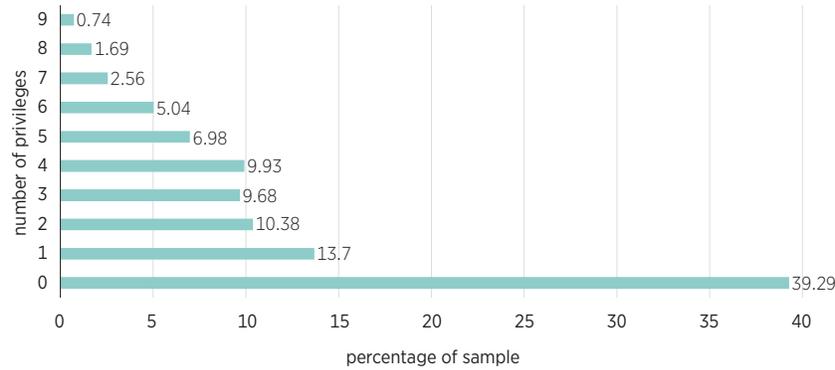
To what degree would your business/firm be negatively affected without this form of assistance from the government if other businesses/firms in the same industry also did not receive the same form of assistance?

TABLE 1. ANY PRIVILEGE

To the best of your knowledge, does your business/firm currently benefit from any of the following government assistance?: Direct loans, loan guarantees, subsidies, bailouts (or the expectation thereof), regulatory barriers to competition, tax breaks for privileges such as tax credits, tariffs or quotas on foreign competition, government-created monopoly, other assistance. Variable takes 1 if yes to any and 0 otherwise.

Observations	Weight	Mean	Std. Dev.	Min	Max
500	500.76	0.61	0.49	0	1

FIGURE 1. PRIVILEGE COUNT: NUMBER OF DISTINCT FORMS OF FIRM-LEVEL PRIVILEGE REPORTED BY MANAGERS



Note: Data are derived from a weighted sample of 500 business leaders.

FIGURE 2. PRIVILEGE TYPE: PERCENTAGE OF RESPONDENTS REPORTING EACH TYPE OF FIRM-LEVEL PRIVILEGE



Note: Data are derived from a weighted sample of 500 business leaders.

Respondents were allowed to give the following range of answers: “0: Very Little/No Effect,” “1: Somewhat Affected,” “2: Moderately Affected,” “3: Very Affected,” and “4: Extremely Affected/Business at Risk.” A single variable, called Privilege Dependency, was then created by summing responses. Table 2 presents the descriptive statistics for this variable, while figure 3 shows the answers by response type.

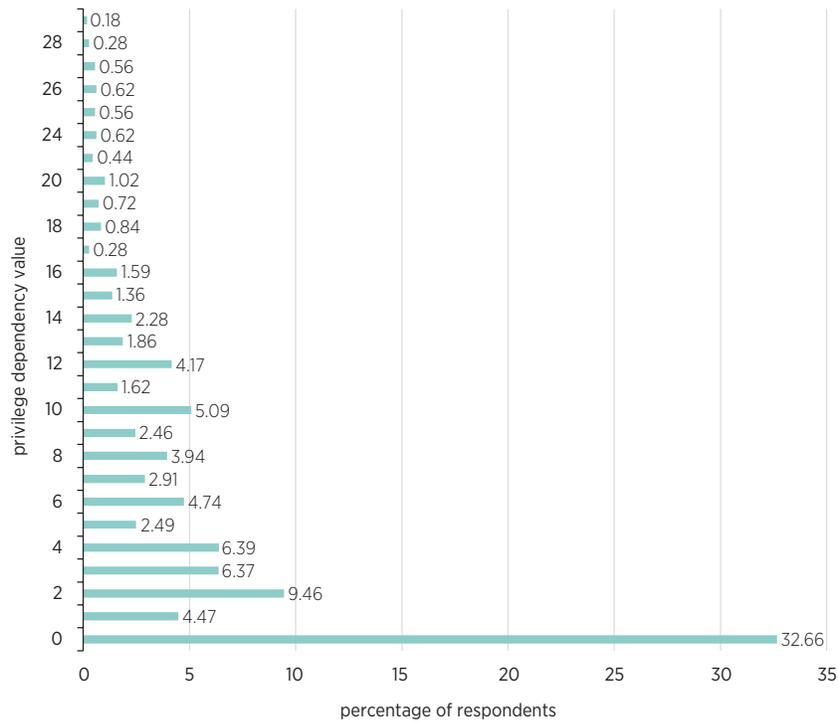
The answers range from a minimum of 0 (if respondents said they were dependent on none

TABLE 2. PRIVILEGE DEPENDENCY

To what degree would your business/firm be negatively affected without these forms of assistance from the government if other businesses/firms in the same industry also did not receive the same forms of assistance?
 Note: Respondents were asked this question about each of nine types of privilege and were allowed to give a range of answers from “0: Very Little/No Effect” to “4: Extremely Affected/Business at Risk.” This variable is the sum of those responses. Thus, it ranges from 0 to 36.

Observations	Weight	Mean	Std. Dev.	Min	Max
500	500.76	5.42	6.40	0	36

FIGURE 3. RANGE OF ANSWERS FOR PRIVILEGE DEPENDENCY



Note: Data are derived from a weighted sample of 500 business leaders.

of the listed privileges) to 36 (if a respondent indicates that his or her firm is highly dependent on each of nine varieties of privilege). The average respondent’s tally in the business survey came to about 5.4, with a standard deviation of 6.4. The modal response, selected by about 33 percent of the sample, was 0. This means that 67 percent of the sampled respondents believe their firms are at least somewhat dependent on the privileges they receive from government.

Respondents report their firms are most dependent on tax breaks. Forty-eight percent of respondents report their firms would be at least “somewhat affected” without tax breaks, and 15.8 percent report their firms would be either “very affected” or “extremely affected/business at risk” without tax breaks. After

tax breaks, respondents reported their firms were most dependent on regulatory privileges (39 percent report their firms would be at least “somewhat affected” without these) and subsidies (31 percent would be at least “somewhat affected”). Conversely, respondents reported their firms were the least dependent on other privileges (96.9 percent report there would be “very little/no effect” on their firm without these) and government-created monopoly (77.7 percent would experience “very little/no effect” without this).

As with Any Privilege, perceptions of Privilege Dependency were also examined across industries. This analysis is found in appendix B. The next section examines how these two measures of favoritism correlate with other views.

4. FAVORITISM AND OTHER BELIEFS

Now that the measure of Any Privilege and the measure of Privilege Dependency have been described, we examine how these factors correlate with business leaders' views of markets, of government, and of favoritism itself. We begin with views of markets.

4.1. FAVORITISM AND BELIEFS ABOUT MARKETS

Four questions assess business leaders' beliefs about markets. The responses to each of these questions are then used as dependent variables in a series of multivariable regressions to measure how Any Privilege and Privilege Dependency correlate with views of markets. The questions assess respondents' beliefs about whether markets should be free, whether freer markets serve the general public, whether the US market is too free, and whether respondents perceive competition as unfair to business. Table 3 summarizes these questions as well as the range of possible answers to each question. Each of these questions is discussed in the subsections that follow.

4.1.1. "Should Markets Be Free?"

We asked respondents to indicate the degree of freedom they thought markets should have. They were given the option to respond on a 0-to-6 scale, with 0 indicating they believe markets

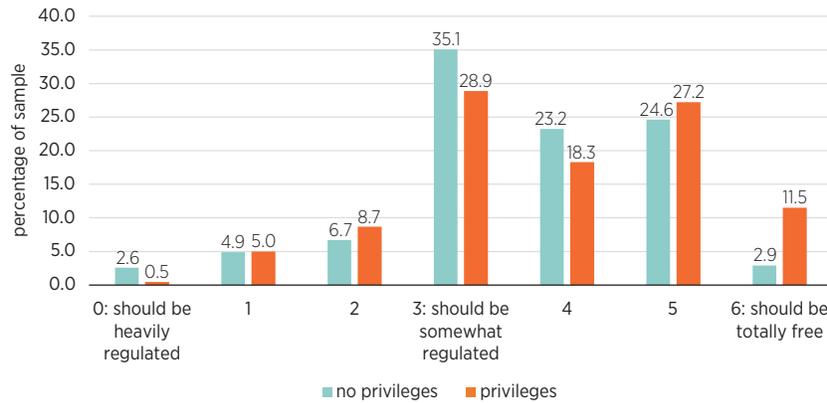
TABLE 3. BELIEFS ABOUT MARKETS

Question	Possible Respondent Answers
Should markets be free?	0: Should Be Heavily Regulated 1 2 3: Should Be Somewhat Regulated 4 5 6: Should Be Totally Free
To what extent do you agree or disagree with the following statement?: "The freer a market is, the more likely it is to serve the general public."	0: Completely Disagree 1: Somewhat Disagree 2: Neither Agree nor Disagree 3: Somewhat Agree 4: Completely Agree
In your opinion, is the current US market not free enough or too free?	0: Not Free Enough 1 2 3: About Right 4 5 6: Too Free
Please indicate how much you agree or disagree with the following: "In actuality, competition in the United States is unfair to industries."	0: Strongly Disagree 1: Somewhat Disagree 2: Neither Agree nor Disagree 3: Somewhat Agree 4: Strongly Agree

"should be heavily regulated," 3 indicating markets "should be somewhat regulated," and 6 indicating markets "should be totally free." Figure 4 shows the range of responses among the business leader sample. The responses have been broken down by whether the leaders reported their firms benefit from any form of government favoritism, as discussed in the previous section.

A number of patterns are evident. First, note that the modal response—among both those who believe their firms are favored and those who

FIGURE 4. SHOULD MARKETS BE FREE?



Note: Data are derived from a weighted sample of 500 business leaders.

believe their firms are not favored—is 3. Second, note that responses are skewed to the right, suggesting the population leans toward support of free markets. The mean response is 3.75. Third, note that among those who report that their firms benefit from government favoritism, support for a free market is stronger. Among business leaders whose firms are favored, 39 percent selected one of the top two levels of support for a free market, whereas leaders at only 28 percent of nonfavored firms selected one of these options.

To understand how favoritism relates to views of free markets, we ran a series of ordered probit regressions.²⁴ These regressions allow us to estimate the relationship between perceived favoritism and beliefs about markets, controlling for other factors. The basic specification is shown in equation (1).

$$\begin{aligned}
 & \textit{Should Markets Be Free} \\
 & = \alpha + \beta(\textit{Any Privilege}) + (\textit{Business} \\
 & \quad \textit{Profile})\Gamma \\
 & + (\textit{Belief Profile})\Delta + \\
 & (\textit{Demographic Profile})\Xi + \varepsilon \quad (1)
 \end{aligned}$$

The independent variable of interest is Any Privilege, which was described in section 3.1. Business

Profile is a vector of controls that accounts for employee, firm, and industry characteristics. More specifically, it includes the employee’s decision-making authority within the firm, the firm’s recent growth, the number of employees, annual revenue, and the extent of regulations imposed on the industry in which the firm operates.²⁵ Belief Profile is a vector of controls that accounts for the respondents’ other beliefs. It includes their perception that the federal government is doing too much, the respondents’ party affiliation, and their trust in the federal government. Finally, Demographic Profile is a vector that includes the respondent’s age, race, marital status, parental status, education level, gender, income, status as an urban or rural dweller, and frequency of voting in national elections. Appendix A presents descriptive statistics for each of these control variables.

The online appendix (<https://www.mercatus.org/publications/study-american-capitalism/culture-favoritism>) presents the marginal results of all regressions. Some select results, including the estimate of equation (1), are also presented in appendix C (see table C1). In this test and in the ones that follow, three separate models

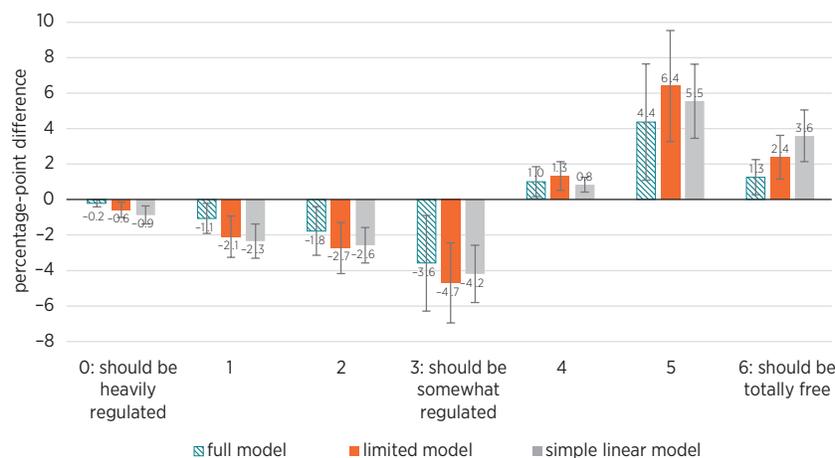
were run. The full model includes all variables in equation (1). The limited model includes all variables but those in the Belief Profile vector, and the simple linear model includes only the variable of interest, Any Privilege in this case.

Figure 5 summarizes the relationship between Any Privilege and Should Markets Be Free. It shows the marginal effect of government favoritism, as perceived by the respondent, on the respondent’s answer to the question “Should markets be free?” It shows, for example, that in the simple linear model, a business leader who believes he or she works for a privileged firm is 3.6 percent more likely to say that “markets should be totally free” and 0.9 percent less likely to say that markets “should be heavily regulated.”²⁶ The pattern is consistent; on average, those respondents who believe they work for privileged firms are more likely to say markets should be free and less likely to say markets should be regulated. Adding the estimates from the simple linear model (the model with no controls) shows that business leaders who believe they work for a privileged firm are approximately

10 percent more likely to respond with a 4, 5, or 6, indicating they believe markets should be freer ($9.9 = 0.8 + 5.5 + 3.6$) and 5.8 percent less likely to respond with a 0, 1, or 2, indicating they think markets should be less free ($-5.8 = -0.9 - 2.3 - 2.6$).

In an ordered probit regression such as this, statistical significance is not as straightforward as in a standard ordinary least squares (OLS) regression. An ordered probit regression estimates the independent variables’ respective relationships with each of the possible values the dependent variable might take. So in this case, the regression yields seven separate sets of results, each with its own level of statistical significance. In these regressions, Any Privilege is never statistically significant at the 10 percent level in the full model. It is, however, typically statistically significant at the 10 percent level in the limited model and at the 5 percent level in the simple linear model.²⁷ In figure 5, and in the figures that follow, any estimate that fails to obtain statistical significance at the 10 percent level is depicted by a striped fill pattern, while estimates that are significant at the 10 percent

FIGURE 5. SHOULD MARKETS BE FREE? MARGINAL EFFECT OF ANY PRIVILEGE



Note: Results are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

threshold or greater are depicted by a solid fill pattern. Error bars indicate heteroscedasticity-robust standard errors.

Equation (2) shows an alternative specification using Privilege Dependency, the variable described in section 3.2, as the variable of interest.

$$\begin{aligned}
 & \textit{Should Markets Be Free} \\
 & = \alpha + \beta(\textit{Privilege Dependency}) + \\
 & \quad (\textit{Business Profile})\Gamma \\
 & + (\textit{Belief Profile})\Delta + (\textit{Demographic} \\
 & \quad \textit{Profile})\Xi + \varepsilon \tag{2}
 \end{aligned}$$

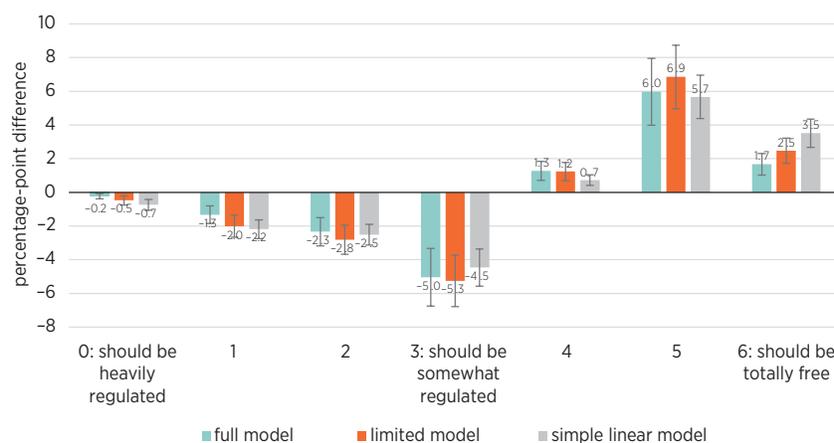
Privilege Dependency is statistically significantly related to *Should Markets Be Free* in all but one of the seven regressions, and the relationship is robust to the inclusion of all control variables (see table C2 in appendix C). In most cases, the relationship is significant at the 1 percent level. Figure 6 shows the pattern in terms of a one standard deviation increase in Privilege Dependency: respondents who believe they work for firms that are more dependent on government favors are more likely to say markets should be free and less likely to say markets should be

highly regulated. To be specific, in the full model, a one standard deviation increase in Privilege Dependency (approximately 6.4 units) is associated with a nearly 9 percent greater chance that a business manager will respond with a 4, 5, or 6 and a nearly 4 percent lower chance that they will respond with a 0, 1, or 2. In the full model, four of the seven estimates of this relationship are statistically significant at the 1 percent level, two are significant at the 5 percent level, and one failed to obtain significance at the 10 percent level.²⁸ Estimates of this relationship from the more limited models are typically significant at the 1 percent level.

4.1.2. “The Freer a Market Is, the More Likely It Is to Serve the General Public.”

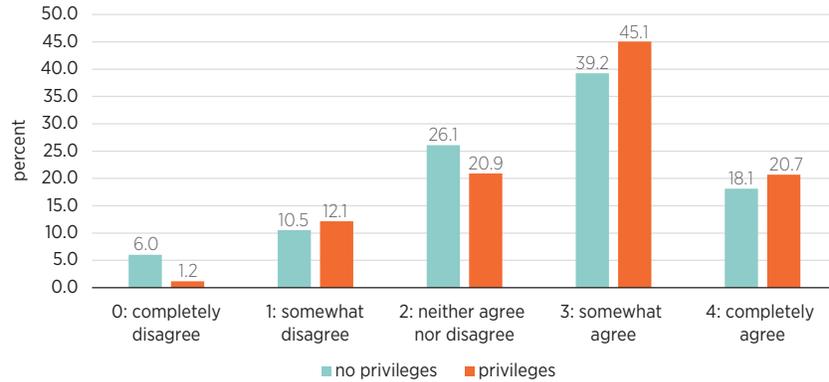
When asked whether they agreed or disagreed with the statement that “the freer a market is, the more likely it is to serve the general public,” a majority of business leaders (62 percent) said either they “somewhat agreed” or they “completely agreed.” By contrast, fewer than

FIGURE 6. SHOULD MARKETS BE FREE? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



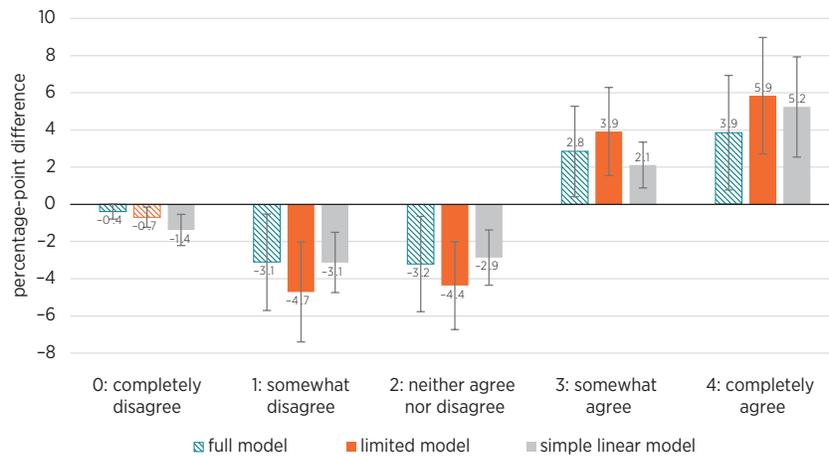
Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

FIGURE 7. DO FREER MARKETS SERVE THE GENERAL PUBLIC?



Note: Data are derived from a weighted sample of 500 business leaders.

FIGURE 8. DO FREER MARKETS SERVE THE GENERAL PUBLIC? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

15 percent of respondents “completely disagreed” or “somewhat disagreed” with the statement. Figure 7 shows the range of responses, broken down by whether or not the respondent believes his or her firm benefits from government favoritism. The figure suggests that those who believe they work for favored firms are more likely to say that freer markets benefit the general public.

To see how perceived favoritism correlates with this belief, and to control for possible con-

foundings factors, we estimate equation (3) with an ordered probit regression model.

$$\begin{aligned}
 \text{Free Markets Serve the General Public} &= \alpha + \beta(\text{Any Privilege}) + (\text{Business Profile})\Gamma \\
 &+ (\text{Belief Profile})\Delta + (\text{Demographic Profile})\Xi + \varepsilon \quad (3)
 \end{aligned}$$

Figure 8 summarizes the results. In the full model, the relationship between Any Privilege and the

belief that free markets serve the general public is not statistically significant at the 10 percent level in any regression. In both the limited and simple models, it is statistically significant at the 10 percent level in four of the five regressions. In the limited model, a business leader who believes that he or she works for a firm that benefits from government privilege is nearly 10 percent more likely to either somewhat or completely agree that a freer market serves the general public, while he or she is about 5.4 percent less likely to either somewhat or completely disagree with the statement. Because the relationship tends to lose statistical significance as controls are added, it should be taken with a grain of salt.

To see how marginal increases in Privilege Dependency affect this belief and to control for possible confounding factors, we estimate equation (4) with an ordered probit regression model.

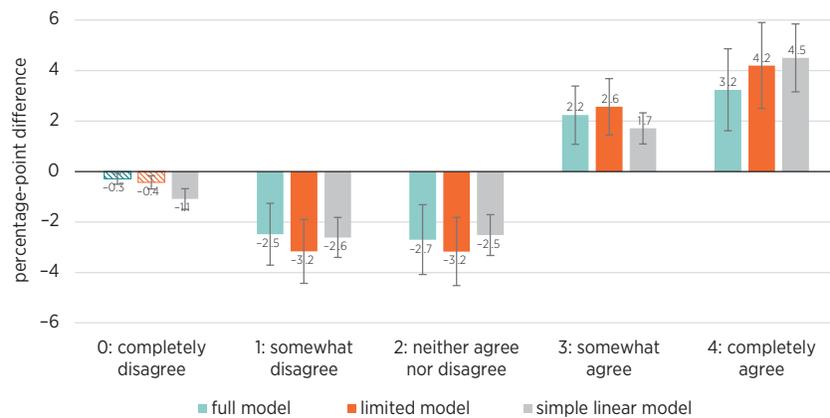
$$\begin{aligned}
 & \textit{Free Markets Serve the General Public} \\
 & = \alpha + \beta(\textit{Privilege Dependency}) \\
 & \quad + (\textit{Business Profile})\Gamma \\
 & \quad + (\textit{Belief Profile})\Delta + \\
 & \quad (\textit{Demographic Profile})\Xi + \varepsilon \quad (4)
 \end{aligned}$$

Respondents who believe their firms are more dependent on privileges are more likely to believe freer markets serve the general public. Figure 9 presents the results. In the full model, a one standard deviation increase in Privilege Dependency is associated with a 3.2 percent increase in the likelihood a respondent chooses a 4 (completely agree) and a 2.5 percent decrease in the likelihood a respondent chooses a 1 (somewhat disagree). These associations are typically statistically significant at the 10 percent level and often at the 5 and 1 percent levels.

4.1.3. “Is the Current US Market Not Free Enough or Too Free?”

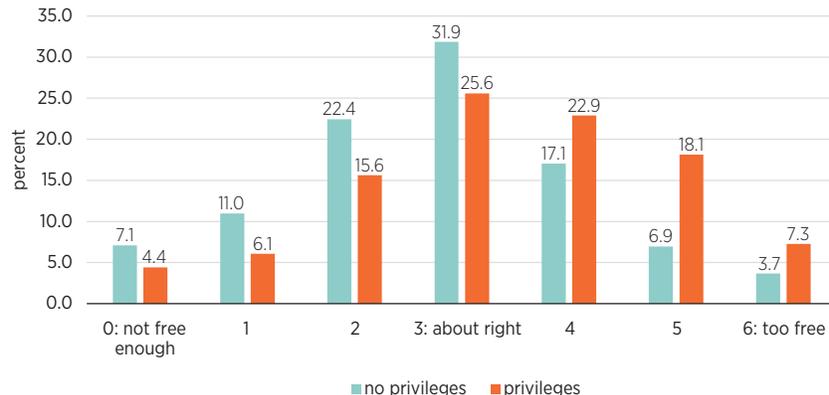
Next, respondents were asked to indicate on a 7-point scale—running from 0 to 6—whether they believe the US market is not free enough or too free. In the two previous questions—“Should markets be free?” and “Do freer markets serve the general public?”—higher number responses indicated generally favorable views of free markets. In this case, however, a higher response indicates that respondents believe the US market

FIGURE 9. DO FREER MARKETS SERVE THE GENERAL PUBLIC? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

FIGURE 10. IS THE CURRENT US MARKET NOT FREE ENOUGH OR TOO FREE?



Note: Data are derived from a weighted sample of 500 business leaders.

is excessively free. In the two previous cases, responses skewed rightward, indicating that respondents tended to favor a freer market. In this case, however, the central tendency of responses, as measured by the mean, median, and mode, was around 3, indicating that respondents thought the US market’s degree of freedom was “about right.” Taken together, the results indicate that respondents tend to favor a free market in general and to think that a freer market will serve the general public, but when it comes to marginal increases in the current level of US market freedom, respondents were less inclined to want more freedom and more inclined to think the level of freedom in the United States is about right.

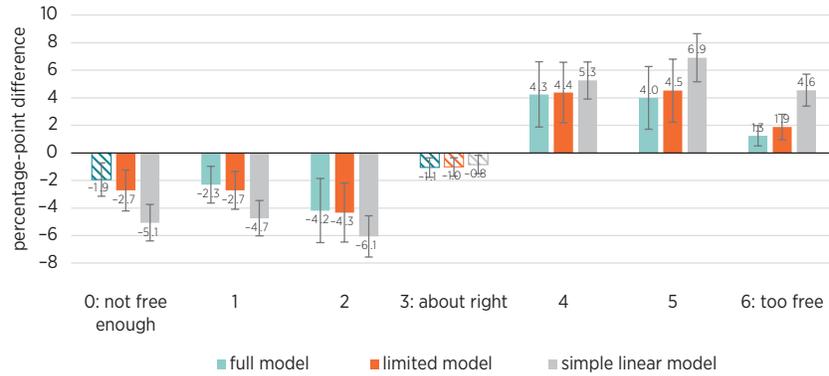
Figure 10 shows business leader responses, broken down by whether or not the leader believes his or her firm benefits from government privilege. Note that leaders who perceive their firm to benefit from some form of government favoritism are more inclined to say the US market is too free and less inclined to say it is not free enough. This stands in contrast to the pattern of the previous two questions, where those who believed their firms benefit from privileges tended to have a *more* favorable view of free markets.

To examine this relationship while controlling for other factors that might confound it, we estimate regression equation (5) with an ordered probit regression model.

$$\begin{aligned}
 & US\ Market\ Too\ Free \\
 & = \alpha + \beta(\text{Any Privilege}) + (\mathbf{Business} \\
 & \quad \mathbf{Profile})\Gamma \\
 & + (\mathbf{Belief\ Profile})\Delta + \\
 & \quad (\mathbf{Demographic\ Profile})\Xi + \varepsilon \quad (5)
 \end{aligned}$$

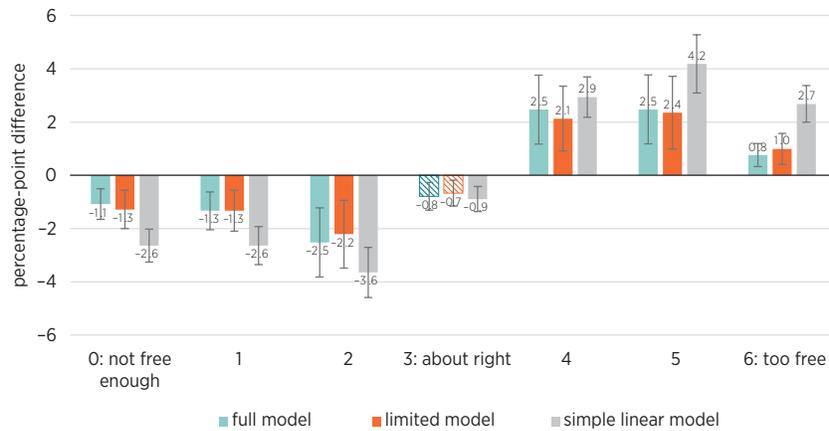
Figure 11 shows the estimated relationship between Any Privilege and Is the US Market Too Free. Controlling for other factors, those who say they work for a favored firm are more likely to say the US market is too free and less likely to say the US market is not free enough. In the full model, the estimated relationship is statistically significant at the 10 percent level in five of seven regressions. In the limited model, the estimated relationship is statistically significant at the 5 percent level in five of the seven regressions and at the 10 percent level in a sixth regression. In the simple linear model, the relationship is statistically significant at the 1 percent level in six of the seven regressions. In the full model, business leaders who work for a privileged firm are

FIGURE 11. IS THE US MARKET TOO FREE? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

FIGURE 12. IS THE US MARKET TOO FREE? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

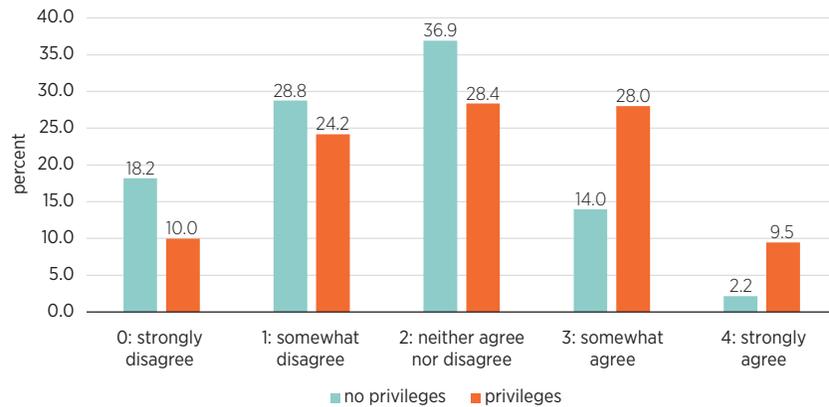
9.5 percent more likely to respond with a 4, a 5, or a 6, indicating that they believe the US market is too free, while they are 8.4 percent less likely to respond with a 0, a 1, or a 2, indicating that they believe the US market is not free enough.

To see how Privilege Dependency relates to business leaders' perceptions that the US market is too free, we estimate the relationship shown in equation (6) with an ordered probit regression.

$$\begin{aligned}
 &US\ Market\ Too\ Free \\
 &= \alpha + \beta(Privilege\ Dependency) + (Business\ Profile)\Gamma \\
 &+ (Belief\ Profile)\Delta + (Demographic\ Profile)\Xi + \varepsilon
 \end{aligned}
 \tag{6}$$

Business leaders who believe their firms are more dependent on government privilege are more likely to say the US market is too free and less likely to say it is not free enough. Figure 12

FIGURE 13. IS COMPETITION UNFAIR TO INDUSTRIES?



Note: Data are derived from a weighted sample of 500 business leaders.

shows the relationship. In the full model, a one standard deviation increase in Privilege Dependency is associated with a nearly 6 percent greater chance that business leaders will respond with a 4, a 5, or a 6, indicating that they believe the US market is too free, and a nearly 5 percent smaller chance they will respond with a 0, a 1, or a 2, indicating that they believe the US market is not free enough. In both the full and the limited models, the estimated relationship is statistically significant at the 10 percent level in all but one regression. In the simple model, the relationship is significant at the 1 percent level in six of seven regressions and significant at the 10 percent level in one regression.

4.1.4. “Is Competition Unfair to Industries?”

The fourth and final question assessing respondents’ beliefs about markets addresses competition. Respondents were asked to state their degree of agreement, on a 0 to 4 scale, with the phrase, “In actuality, competition in the U.S. is unfair to industries.” As with the previous question, higher number responses indicate some degree

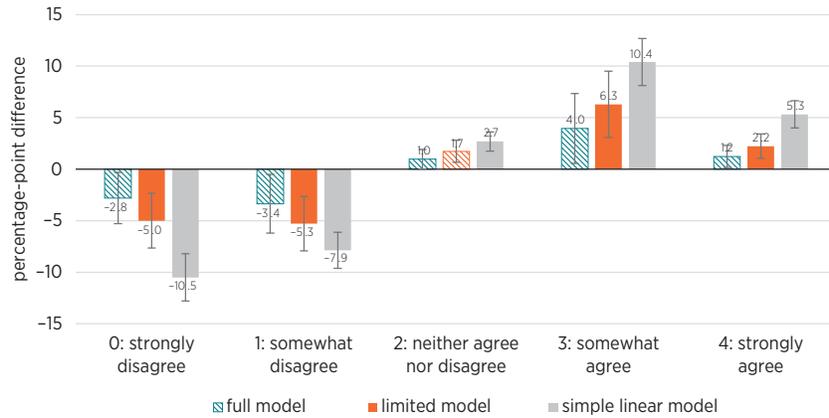
of skepticism regarding a free and open market economy. Among business leaders, the modal response is a 2, “neither agree nor disagree,” while the mean response is 1.8, suggesting that responses lean toward disagreement (29 percent of business leaders either “somewhat agree” or “strongly agree,” while 39 percent either “somewhat disagree” or “strongly disagree”).

Figure 13 shows responses broken down by whether the business leader believes he or she works for a privileged firm. It suggests that those who think they work for privileged firms are more likely to agree and less likely to disagree that competition is unfair to industries.

To estimate the relationship between privilege and the perception that competition is unfair to industries, while controlling for other factors that might confound the relationship, we estimate equation (7) with an ordered probit regression model.

$$\begin{aligned}
 \text{Competition Unfair to Industries} &= \alpha + \beta(\text{Any Privilege}) + (\mathbf{Business} \\
 &\quad \mathbf{Profile})\Gamma \\
 &+ (\mathbf{Belief Profile})\Delta + \\
 &\quad (\mathbf{Demographic Profile})\mathbf{E} + \varepsilon \quad (7)
 \end{aligned}$$

FIGURE 14. IS COMPETITION UNFAIR TO INDUSTRIES? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

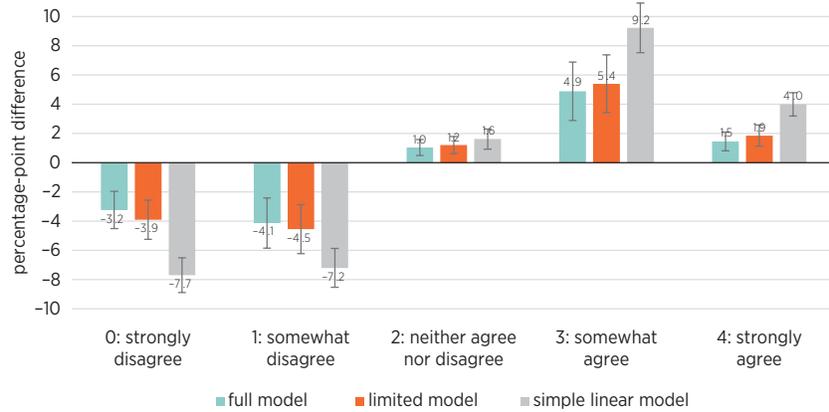
Figure 14 present the results. Business leaders who believe their firms benefit from favoritism are more likely to agree that competition is unfair to business. In the full model, the estimated relationship is not statistically significant at the 10 percent level in any of the five regressions, however. In the limited model, it is statistically significant at the 5 percent level in two of the five regressions and significant at the 10 percent level in two other regressions. In the simple model, it is significant at the 1 percent level in all five regressions. In the limited model, a business leader who believes he or she works for a firm that benefits from privilege is 8.5 percent more likely to either somewhat agree or strongly agree that competition is unfair to business and is 10.3 percent less likely to either strongly disagree or somewhat disagree that competition is unfair to industry.

We estimate the relationship between Privilege Dependency and the perception that competition is unfair to industries with equation (8) using an ordered probit regression model.

$$\begin{aligned}
 \text{Competition Unfair to Industries} &= \alpha + \beta(\text{Privilege Dependency}) \\
 &+ (\text{Business Profile})\Gamma \\
 &+ (\text{Belief Profile})\Delta + \\
 &(\text{Demographic Profile})\Xi + \varepsilon \quad (8)
 \end{aligned}$$

Figure 15 presents the results. Those business leaders who believe their firms are more dependent on government privilege are more likely to agree and less likely to disagree that competition is unfair to industries. In the full model, a one standard deviation increase in Privilege Dependency increases the odds that a respondent will either somewhat agree or strongly agree by more than 6 percent. That same increase in Privilege Dependency is associated with lower odds that a respondent will either strongly disagree or somewhat disagree by about 7.4 percent. In the full model, the estimated relationship is statistically significant at the 5 percent level in all but one regression, and it is significant at the 10 percent level in one regression. In the other two models, it is typically significant at the 1 percent level.

FIGURE 15. IS COMPETITION UNFAIR TO INDUSTRIES? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders.

4.1.5. Summary of Favoritism and Beliefs about Markets

Overall, the results in this section are mixed. On the one hand, respondents who believe they work for privileged or more privilege-dependent firms are more likely to say that markets should be free and that freer markets serve the general public. On the other hand, these same respondents are more likely to say that the current US market is too free and that competition is unfair to industries.

For many, a favorable or unfavorable opinion of the free market may be rather abstract. A more concrete question is how government should intervene in the market process. The next section describes a set of questions that probe perceptions of government and examines how these perceptions relate to favoritism.

4.2. FAVORITISM AND BELIEFS ABOUT GOVERNMENT

We asked business leaders a series of questions regarding government and its involvement in the economy. These questions probe both normative beliefs about the desirability of government

involvement in the market and positive perceptions about the effects of government involvement. The questions ask respondents how involved the government should be in economic matters, whether they believe regulation benefits consumers, whether they believe regulation benefits the economy, and whether they think competition is limited by government involvement. Table 4

TABLE 4. BELIEFS ABOUT GOVERNMENT

Question	Possible Respondent Answers
What level of involvement should the government have in economic matters?	0: No Involvement 1 2 3: Moderate Involvement 4 5 6: Significant Involvement
How much do you agree or disagree that government regulations actually benefit consumers?	0: Strongly Disagree 1: Somewhat Disagree 2: Neither Agree nor Disagree 3: Somewhat Agree 4: Strongly Agree
How much do you agree or disagree that government regulations actually benefit the economy?	0: Strongly Disagree 1: Somewhat Disagree 2: Neither Agree nor Disagree 3: Somewhat Agree 4: Strongly Agree
Please indicate how much you agree or disagree with the following: "In actuality, competition in the U.S. is largely limited by government."	0: Strongly Disagree 1: Somewhat Disagree 2: Neither Agree nor Disagree 3: Somewhat Agree 4: Strongly Agree

presents each question and the range of possible answers to each question. As in the previous section, the responses to each of these questions are then used as dependent variables in a series of multivariable regressions. These regressions measure how Any Privilege and Privilege Dependency correlate with views of government. In the subsections that follow, each of these questions is explored in greater detail.

4.2.1. “What Level of Involvement Should the Government Have in Economic Matters?”

We asked respondents to indicate the level of involvement they believe the government should have in economic matters. Possible answers on a 7-point scale ranged from 0, indicating “no involvement,” to 6, indicating “significant involvement.”

Figure 16 presents the range of responses. The modal response is 3 (moderate involvement), but the average response is 3.43, indicating that responses skewed right, toward greater involve-

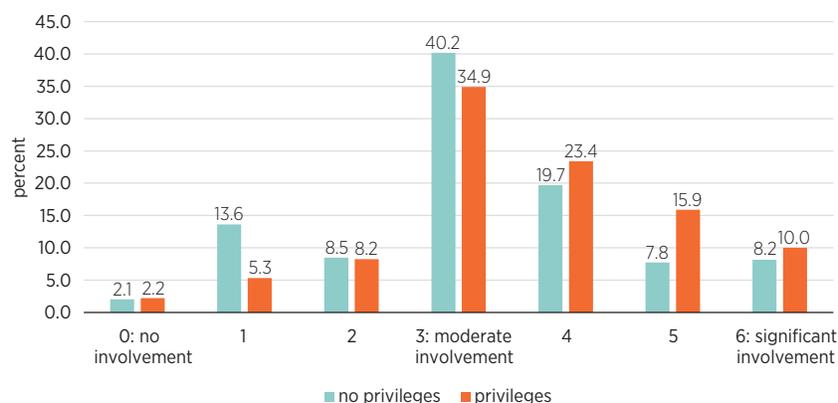
ment. The figure shows that among those who believe their firms receive privileges, responses were skewed further in favor of more government involvement.

To obtain the marginal effect of privilege on attitudes toward government involvement in the economy and to control for possibly confounding factors, we estimate equation (9) using an ordered probit regression model.

$$\begin{aligned}
 & \textit{How Involved Should Government Be in} \\
 & \textit{the Economy} \\
 & = \alpha + \beta(\textit{Any Privilege}) + (\textit{Business} \\
 & \quad \textit{Profile})\Gamma \\
 & + (\textit{Demographic Profile})\Xi + \varepsilon \quad (9)
 \end{aligned}$$

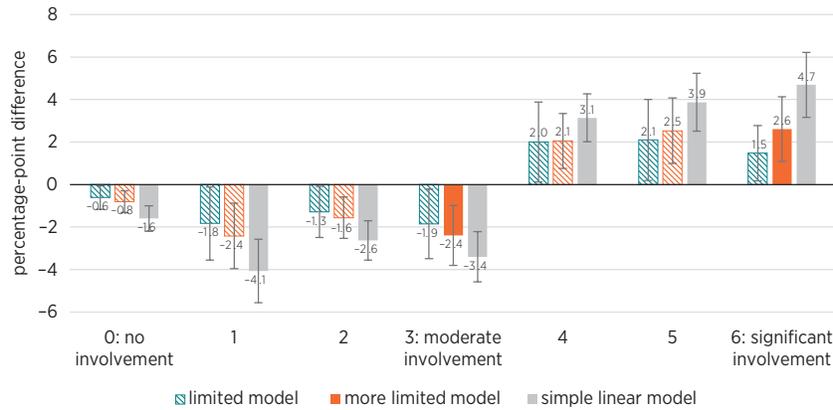
The controls in this regression—and in the one that follows—differ from those of previous models in one respect (see table C3 in appendix C for the full results). Because the dependent variable directly relates to beliefs about government involvement in the economy, the Belief Profile vector was omitted. We felt that the controls in this vector resembled the dependent variable itself too closely. Therefore, in lieu of a

FIGURE 16. WHAT LEVEL OF INVOLVEMENT SHOULD THE GOVERNMENT HAVE IN ECONOMIC MATTERS?



Note: Data are derived from a weighted sample of 500 business leaders.

FIGURE 17. WHAT LEVEL OF INVOLVEMENT SHOULD THE GOVERNMENT HAVE IN ECONOMIC MATTERS? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

full model, a limited model, and a simple linear model, we present a limited model, a more limited model, and a simple linear model. The more limited model is similar to the limited model, but it also omits the Business Profile vector.

Figure 17 presents the relationship between Any Privilege and the dependent variable How Involved Should Government Be in the Economy. The results suggest that respondents who believe their firms benefit from government privilege are more likely to believe that the government should be more involved in the economy. In none of the limited model regressions, however, is the relationship statistically significant at the 10 percent level, and in the more limited model it is significant at the 10 percent level in only two of the seven regressions. In the simple model, the relationship is statistically significant at the 1 percent level in all seven regressions. Adding the estimated coefficients, the simple model suggests those who believe they work for privileged firms are 11.7 percent more likely to respond with a 4, a 5, or a 6, indicating that they favor government involvement in the economy, and they are about 8.3 percent less likely to respond with a 0, a

1, or a 2, indicating they'd prefer the government were less involved in economic matters.

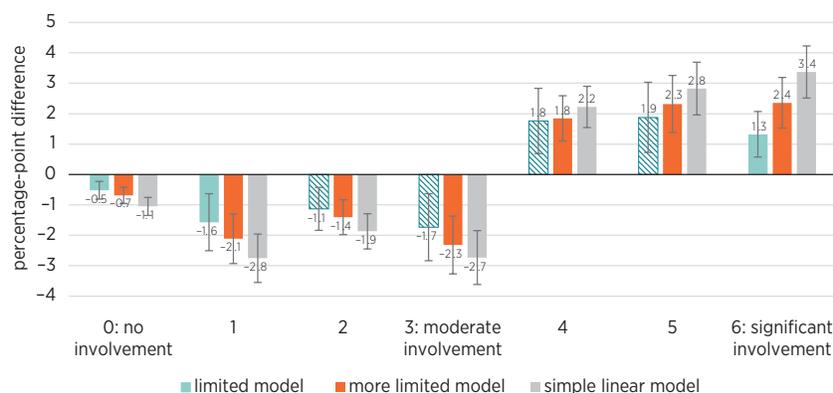
Equation (10) shows an alternative specification with Privilege Dependency as the main explanatory variable of interest. We estimate this equation with an ordered probit regression.

How Involved Should Government Be in the Economy

$$\begin{aligned}
 &= \alpha + \beta(\text{Privilege Dependency}) \\
 &\quad + (\text{Business Profile})\Gamma \\
 &\quad + (\text{Demographic Profile})\Xi + \varepsilon \quad (10)
 \end{aligned}$$

As in the previous regression, the Belief Profile vector was omitted since it includes controls that are similar to the dependent variable. Figure 18 shows the results in terms of a one standard deviation increase in Privilege Dependency (see table C4 in appendix C for the full results). Those business leaders who believe their firms are more dependent on government favor are more likely to believe that government should be more involved in economic matters. In the limited model, the relationship is statistically significant at the 10 percent level in three of the

FIGURE 18. WHAT LEVEL OF INVOLVEMENT SHOULD THE FEDERAL GOVERNMENT HAVE IN ECONOMIC MATTERS? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

seven regressions. In the more limited model—which omits the Business Profile vector—it is always significant at the 5 percent level and is significant at the 1 percent level in two of the seven regressions. In the simple linear model, it is always significant at the 1 percent level.

In the more limited model, a one standard deviation increase in Privilege Dependency is associated with a 6.5 percent greater chance that business leaders will respond with a 4, a 5, or a 6, indicating they believe that the government should be more involved in economic matters. That same increase in Privilege Dependency is associated with a 4.2 percent lower likelihood that business leaders will respond with a 0, a 1, or a 2, indicating they’d prefer that the government were less involved in economic matters.

4.2.2. “Do Regulations Benefit Consumers?”

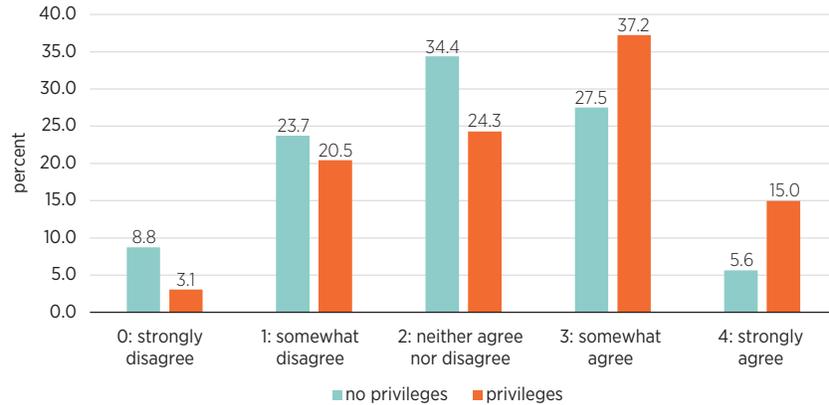
Normative beliefs about the appropriate level of government involvement in the economy are supported by positive assessments of how government involvement actually affects the econ-

omy. One important question here is the role of regulation and consumer welfare. Respondents were asked to indicate how much they agree or disagree, on a 5-point scale, that regulations benefit consumers. Possible responses ranged from 0, “strongly disagree,” to 4, “strongly agree.” The modal response, selected by 33.4 percent of business leaders, was 3, “somewhat agree,” while the average response was 2.24.

Figure 19 shows the range of responses among business leaders, broken down by whether the leaders believe they work at privileged firms. It seems to suggest that those who work for privileged firms are more likely to believe that government regulations benefit consumers.

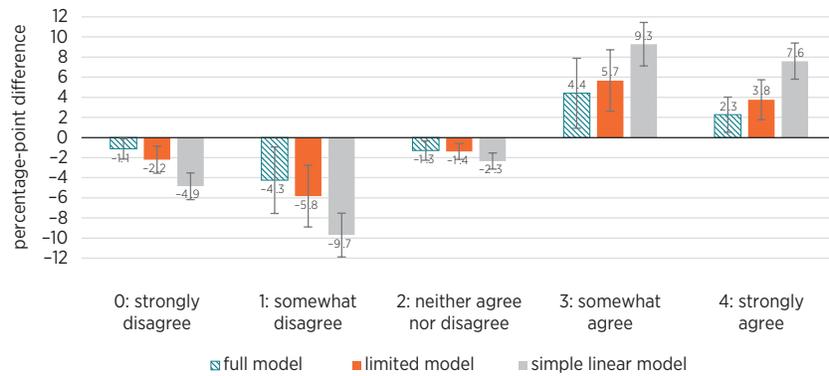
Before turning to the regression results, a note of caution is necessary in interpreting these results and those of the next section. The word “regulation” means different things to different people. To some, it means something like “rule of law,” a set of institutions such as the police and the courts that ensures private property is respected, promises are kept, natural rights are respected, and those who harm others are held to account. This interpretation

FIGURE 19. DO REGULATIONS BENEFIT CONSUMERS?



Note: Data are derived from a weighted sample of 500 business leaders.

FIGURE 20. DO REGULATIONS BENEFIT CONSUMERS? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

of regulation is entirely consistent with mainline economic notions of economic freedom.²⁹ For others, regulation means a set of preemptive rules that limits or restricts the ways in which people may interact. These may include price controls, detailed production standards, barriers to entry such as licensure, or limits on quantity such as production quotas. These measures, especially when used in excess, are not consistent with economic freedom. It may be assumed that it is in this latter sense that most people read the word “regulation,” but we acknowledge that others may disagree.³⁰

To better understand the relationship between privilege and the perception that regulations benefit consumers, we estimate equation (11) with a series of ordered probit regressions.³¹

$$\begin{aligned}
 \text{Do Regs Benefit Consumers} &= \alpha + \beta(\text{Any Privilege}) + (\mathbf{Business Profile})\Gamma \\
 &+ (\mathbf{Belief Profile})\Delta + (\mathbf{Demographic Profile})\Xi + \varepsilon \quad (11)
 \end{aligned}$$

Figure 20 shows the relationship between favoritism and the perception that regulations benefit

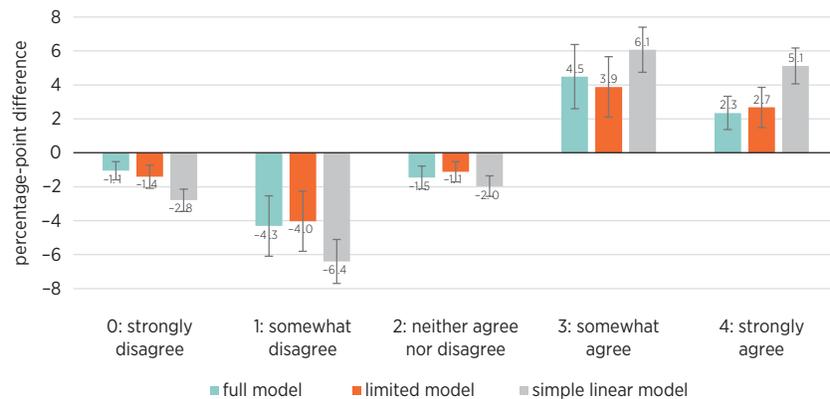
consumers. Business leaders who believe they work for firms that benefit from government privilege tend to be more inclined to believe that regulations benefit consumers. In the full model, however, the relationship is not statistically significant at the 10 percent level in any regression. In the limited model, the relationship is significant at the 10 percent level in all five regressions; in the simple linear model, it is significant at the 1 percent level in all regressions. In the limited model, those who work for privileged firms are 9.4 percent more likely to either somewhat or strongly agree that regulations benefit consumers and about 8 percent less likely to either strongly or somewhat disagree that regulations benefit consumers.

We estimate equation (12) to assess the relationship between privilege dependency and this belief.

$$\begin{aligned}
 & \text{Do Regs Benefit Consumers} \\
 & = \alpha + \beta(\text{Privilege Depen-} \\
 & \quad \text{dency}) + (\mathbf{Business Profile})\Gamma \\
 & + (\mathbf{Belief Profile})\Delta + \\
 & (\mathbf{Demographic Profile})\Xi + \varepsilon \quad (12)
 \end{aligned}$$

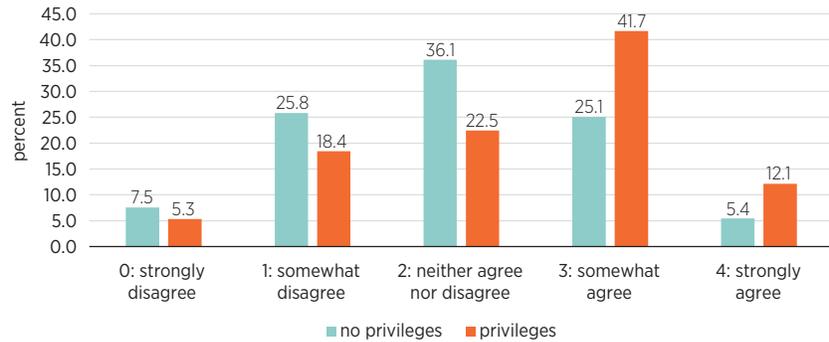
Figure 21 shows the results. Those business leaders who believe their firms are more dependent on government privilege are more inclined to believe that regulations benefit consumers. In the full model, a one standard deviation increase in Privilege Dependency is associated with a 6.8 percent higher likelihood that a business leader will either somewhat agree or strongly agree that regulations benefit consumers. That same increase in Privilege Dependency is associated with a nearly 5.4 percent lower likelihood that he or she will either somewhat disagree or strongly disagree that regulations benefit consumers. In the full model, the relationship is significant at the 5 percent level in all regressions. In the limited model, it is significant at the 5 percent level in all but one regression (where it is significant at the 10 percent level), and in the simple model it is significant at the 1 percent level in all regressions. As the figure shows, the magnitude of the effect generally falls as more controls are added to the regression.

FIGURE 21. DO REGULATIONS BENEFIT CONSUMERS? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders.

FIGURE 22. DO REGULATIONS BENEFIT THE ECONOMY?



Note: Data are derived from a weighted sample of 500 business leaders.

4.2.3. “Do Regulations Benefit the Economy?”

In addition to being asked whether they thought regulations benefit consumers, respondents were also asked if they thought regulations benefit the economy in general. Among all business leaders, the modal response is 3, “somewhat agree.” But as figure 22 indicates, responses vary depending on whether the leader believes he or she works for a firm that benefits from privilege. The modal response among those who believe they work for a privileged firm is 3, but the modal response among those who believe they do not work for a privileged firm is 2, “neither agree nor disagree.”

We estimate the relationship between Any Privilege and the perception that regulations benefit the economy with a series of ordered probit regressions on equation (13).

$$\begin{aligned}
 & \textit{Do Regs Benefit the Economy} \\
 & = \alpha + \beta(\textit{Any Privilege}) + (\textit{Business Profile})\Gamma \\
 & + (\textit{Belief Profile})\Delta + \\
 & (\textit{Demographic Profile})\Xi + \varepsilon \quad (13)
 \end{aligned}$$

In the simple linear model, those who believe they work for a firm that benefits from government privilege are more likely to agree and less likely

to disagree that regulations benefit the economy. Figure 23 shows that, in this model, business leaders who work for a privileged firm are more than 16 percent more likely to either “somewhat agree” or “completely agree” that regulations benefit the economy, and they are about 14 percent less likely to either “somewhat disagree” or “completely disagree” that regulations benefit the economy. In the simple linear model, the relationship is statistically significant at the 1 percent level in all five regressions. But once other controls are added to the model, the relationship fails to obtain statistical significance at standard levels. These results should, therefore, be taken with a grain of salt.

To estimate the relationship between Privilege Dependency and this belief, we estimate equation (14) with a series of ordered probit regressions.

$$\begin{aligned}
 & \textit{Do Regs Benefit the Economy} \\
 & = \alpha + \beta(\textit{Privilege Dependency}) \\
 & + (\textit{Business Profile})\Gamma \\
 & + (\textit{Belief Profile})\Delta + \\
 & (\textit{Demographic Profile})\Xi + \varepsilon \quad (14)
 \end{aligned}$$

Business leaders who believe they work for firms that are more dependent on privilege are more

FIGURE 23. DO REGULATIONS BENEFIT THE ECONOMY? THE MARGINAL EFFECT OF ANY PRIVILEGE

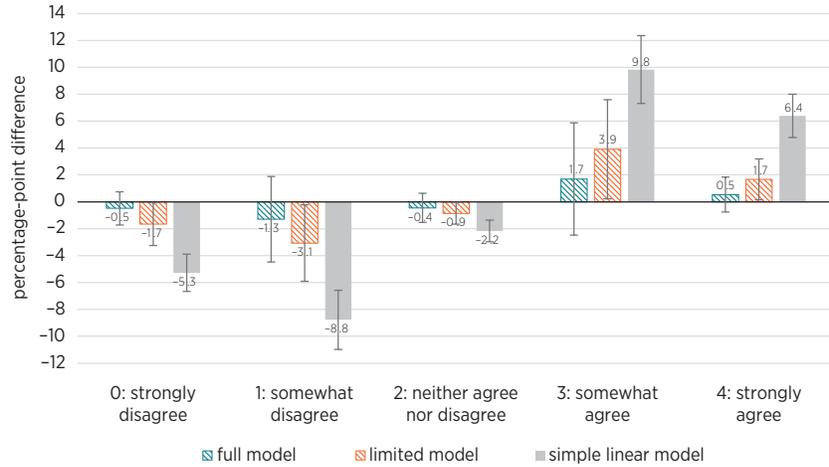
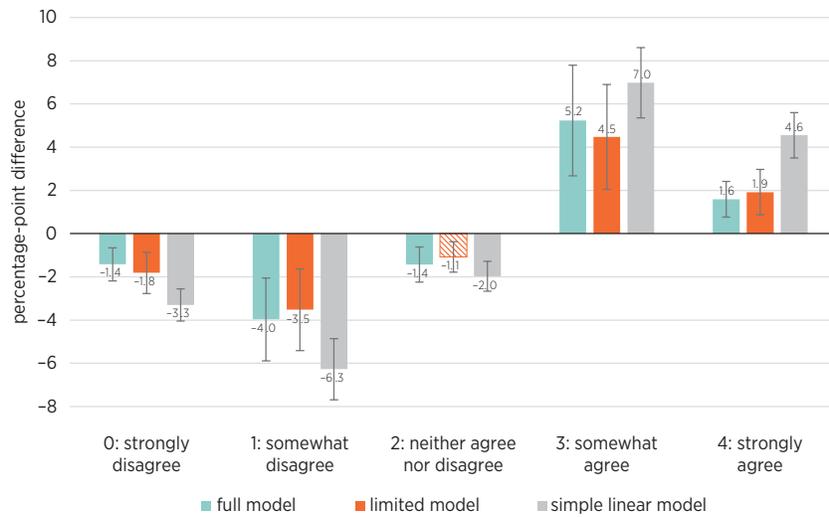


FIGURE 24. DO REGULATIONS BENEFIT THE ECONOMY? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

likely to believe that regulations benefit the economy. Figure 24 shows that, in the full model, a one standard deviation increase in Privilege Dependency is associated with an approximately 7 percent greater likelihood that a business leader will either “somewhat agree” or “completely agree” that regulations benefit the economy. That

same increase in Privilege Dependency is associated with an approximately 5.4 percent lower likelihood that a business leader will either “strongly disagree” or “somewhat disagree” that regulations benefit the economy. In the full model, the estimated relationship is statistically significant at the 5 percent level in two regressions and at the

10 percent level in three regressions. In the limited model, it is significant at the 10 percent level in four of the five regressions and fails to obtain significance at the 10 percent level in a fifth regression. In the simple model, the relationship is significant at the 1 percent level in all five regressions.

4.2.4. “Is Competition Limited by Government?”

Among economists, a long-standing concern with government intervention in the market is that such intervention might undermine market competition.³² To what extent do business leaders who believe they work for firms that are privileged by government share this belief? Note that we don’t say “share this concern,” because we have already learned that a sizeable portion of respondents believe competition is unfair to industry (see section 4.1.4), so for them, limiting competition may not be a bad thing.

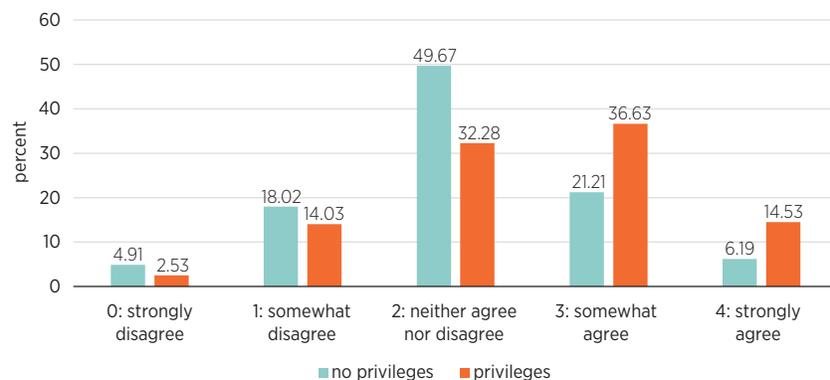
Respondents were asked to indicate on a 5-point scale the degree to which they agree that competition is limited by government. Figure 25 shows the range of responses, broken down by whether or not the respondent believes he or she

works for a firm that benefits from government privilege. Among all business leaders, the modal response is 2, “neither agree nor disagree,” and among those who believe their firms do not benefit from government privileges, this remains the modal response, selected by nearly 50 percent. But among those who believe their firms benefit from government favor, the modal response is 3, “somewhat agree,” selected by nearly 37 percent of these business leaders. This suggests that those who believe they benefit from government favor also tend to believe that government intervention in the economy undermines competition (recall from figure 2 in section 3.1 that more than 30 percent of respondents believe their firms benefit from regulations that limit competition).

To estimate the relationship between perceived favoritism and the perception that competition is limited by government, we estimate equation (15) with a series of ordered probit regressions.

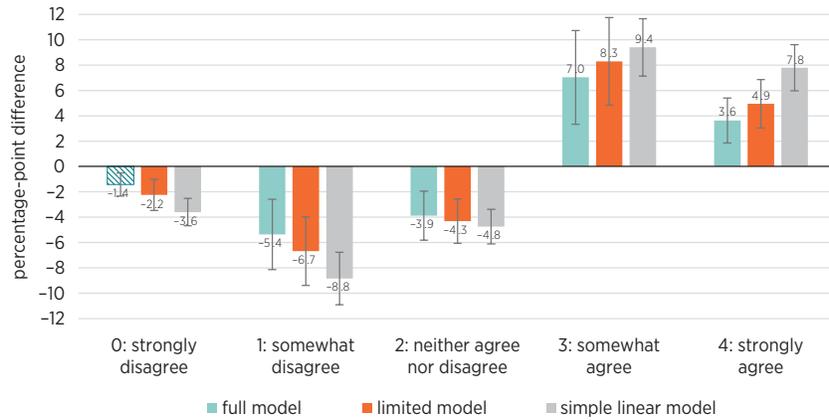
$$\begin{aligned}
 \text{Is Competition Limited by Government} &= \alpha + \beta(\text{Any Privilege}) + (\mathbf{Business} \\
 &\quad \mathbf{Profile})\Gamma \\
 &+ (\mathbf{Belief Profile})\Delta + \\
 &\quad (\mathbf{Demographic Profile})\Xi + \varepsilon \quad (15)
 \end{aligned}$$

FIGURE 25. IS COMPETITION LIMITED BY GOVERNMENT?



Note: Data are derived from a weighted sample of 500 business leaders.

FIGURE 26. IS COMPETITION LIMITED BY GOVERNMENT? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

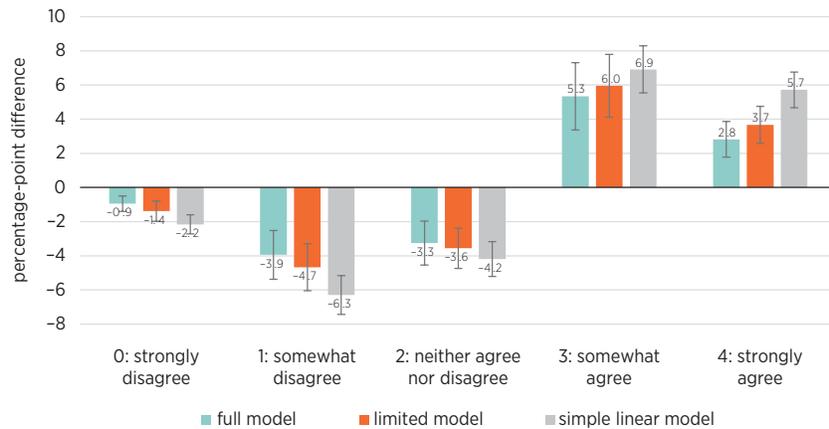
The regression results suggest that business leaders who believe they work for firms that benefit from government privilege are, indeed, more likely to agree and less likely to disagree that competition is limited by government. Figure 26 shows the estimated relationship. In the full model, business leaders who believe they work for privileged firms are approximately 10.7 percent more likely to either “somewhat agree” or “strongly agree” that competition is limited by government and about 6.8 percent less likely to either “somewhat disagree” or “strongly disagree” that competition is limited by government. In the full model, two of five regressions are statistically significant at the 5 percent level, and two are significant at the 10 percent level. In the limited model, the relationship is typically statistically significant at the 5 percent level, and in the simple model it is typically significant at the 1 percent level.

To assess the relationship between Privilege Dependency and the perception that competition is limited by government, we estimate equation (16) with an ordered probit regression model.

$$\begin{aligned}
 & \textit{Is Competition Limited by Government} \\
 & = \alpha + \beta(\textit{Privilege Dependency}) \\
 & \quad + (\textit{Business Profile})\Gamma \\
 & \quad + (\textit{Belief Profile})\Delta + \\
 & \quad (\textit{Demographic Profile})\Xi + \varepsilon \quad (16)
 \end{aligned}$$

As shown in figure 27, business leaders who believe they work for firms that are more dependent on government privilege are more likely to think that competition is limited by government. In the full model, a one standard deviation increase in Privilege Dependency is associated with an 8.2 percent greater likelihood that a respondent will either “somewhat agree” or “strongly agree” that competition is limited by government. That same increase in Privilege Dependency is associated with a nearly 5 percent lower likelihood that a respondent will either “strongly disagree” or “somewhat disagree” that competition is limited by government. In the full model, three of the five regressions are statistically significant at the 1 percent level, while the other two are significant at the 5 percent level. In the models with fewer controls, the relationship is typically significant at the 1 percent level.

FIGURE 27. IS COMPETITION LIMITED BY GOVERNMENT? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders.

Recall from the earlier discussion (in section 4.1.4) that those who work for privileged firms are more likely to believe competition is unfair to industries. So, when leaders who believe they work for privileged firms say government limits competition, they may be viewing this as a good thing.

4.2.5. Summary of Favoritism and Beliefs about Government

To summarize this section, business leaders who believe they work for more privileged firms or for more privilege-dependent firms are more likely to believe that government should be significantly involved in the economy, that government regulations benefit consumers and the economy, and that competition is limited by government (which many believe to be a good thing, given the results of section 4.1.4). Overall, these results suggest that exposure to government favoritism and greater awareness of government favoritism make one more inclined to approve of greater government involvement in the economy and to believe that involvement will bring about desirable results.

4.3. FAVORITISM AND BELIEFS ABOUT FAVORITISM

The final section of this survey looks at favoritism as it relates to respondents' attitudes about favoritism itself. The questions assess both normative beliefs about whether government should favor particular firms or industries as well as positive beliefs about the effects of government favoritism on the economy and its importance in the success of particular firms.

There are five dependent variables in this section. The first two asked respondents to indicate their normative beliefs about favoritism in two ways. First, they were asked a simple yes-or-no question: Should government favor particular firms or industries? Second, they were asked to indicate their degree of support for government assistance to firms or industries.

The third dependent variable combines respondents' answers to the yes-or-no question with the question from section 4.1.1, which asked respondents, "Should markets be free?" The goal here was to see how many respondents simultaneously believe that governments should favor

TABLE 5. BELIEFS ABOUT FAVORITISM

Question(s)	Possible Respondent Answers
Do you believe governments in the U.S. should favor specific businesses or industries?	0: No 1: Yes
What is your overall stance on government assistance to firms or industries?	0: Strongly Oppose 1: Somewhat Oppose 2: Neither Oppose Nor Support 3: Somewhat Support 4: Strongly Support
Note: in this case we asked two separate questions and then combined respondent answers. Question 1: Should Government Favor Specific Firms. Question 2: Should Markets be Free?	0: Government should not favor specific firms (respondent may hold any belief about whether market should be free) 1: Government should favor specific firms and markets should be heavily regulated 2 3 4: Government should favor specific firms and markets should be somewhat regulated 5 6 7: Government should favor specific firms and markets should be totally free
How would you describe the impact of government assistance to firms or industries on the U.S. economy?	0: Very Negative 1: Negative 2: Neither Negative nor Positive 3: Positive 4: Very Positive
Please rank the following in terms of importance when it comes to the success of your business/firm: Customer focus, hard work, a unique business model, government assistance, knowledge of influential policy makers	0: All Others 1: Respondents who ranked customer focus or a unique business model the most important for business success
Please rank the following in terms of importance when it comes to the success of your business/firm: Customer focus, hard work, a unique business model, government assistance, knowledge of influential policy makers	0: All Others 1: Respondents who ranked government assistance or knowledge of influential policy makers the most important for business success

particular firms or industries and that markets should be free. In other words, it measures the degree to which respondents fail to separate out, as Milton Friedman put it, a pro-free enterprise stance from a pro-business stance (see the discussion in section 2).

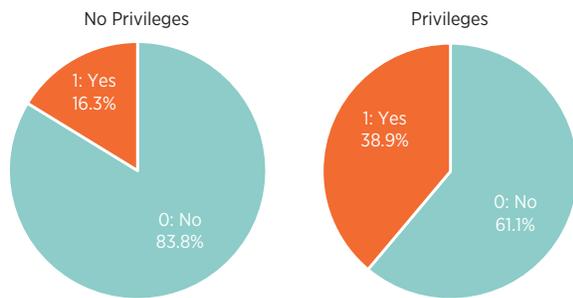
The fourth dependent variable assesses respondents’ beliefs about how favoritism affects the overall US economy. The fifth and final question asks respondents to indicate what they believe to be the most important characteristics for business success, with two possible responses that suggest favoritism is important for this success, and two other possible responses that suggest socially beneficial behavior is important for this success.

Table 5 summarizes each of these questions. In the subsections that follow, the responses to each of these questions are summarized and then used as dependent variables in a series of multi-variable regressions to measure how Any Privilege and Privilege Dependency correlate with views of favoritism. That is, the regressions in this section assess how perceptions of actual favoritism correlate with beliefs about favoritism.

4.3.1. “Should Governments in the United States Favor Specific Businesses or Industries?”

To assess attitudes toward favoritism, we begin with a simple yes-or-no question, asking respon-

FIGURE 28. DO YOU BELIEVE GOVERNMENTS IN THE UNITED STATES SHOULD FAVOR SPECIFIC BUSINESSES OR INDUSTRIES?



Note: Data are derived from a weighted sample of 500 business leaders.

dents whether governments in the United States should favor specific businesses or industries. Among all business leaders in the sample, 29.9 percent of respondents answered yes, while the other 70.0 percent said no. As shown in figure 28, however, answers differed according to whether or not the respondent believed his or her firm benefits from government favoritism. Among business leaders who believe their firms receive no privileges, just 16.3 percent say that governments in the United States should favor

specific businesses or industries. But among business leaders who believe their firms benefit from at least one variety of government privilege, the share who believe that government should favor particular businesses or industries is 38.9 percent—more than twice the share reported by those who believe their firms are not privileged.

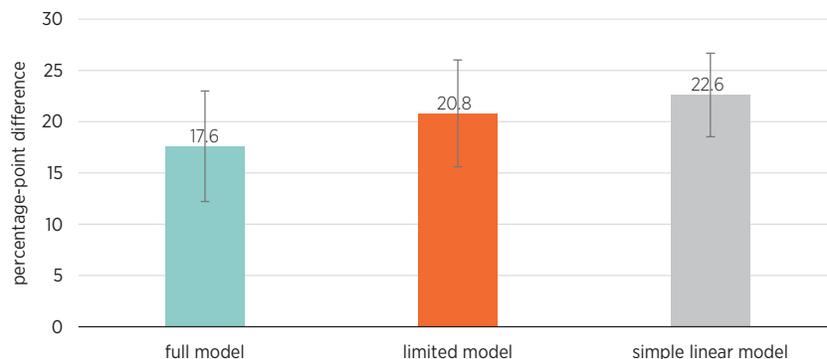
To estimate the marginal effect of firm-level favoritism on a business leader’s perception that US governments should favor particular businesses or industries, and to control for other factors that might affect this opinion, we estimate equation (17) with a probit regression model.³³

Should Governments Favor Businesses or Industries

$$\begin{aligned}
 &= \alpha + \beta(\text{Any Privilege}) + (\mathbf{Business} \\
 &\quad \mathbf{Profile})\Gamma \\
 &+ (\mathbf{Belief Profile})\Delta + \\
 &\quad (\mathbf{Demographic Profile})\Xi + \varepsilon \quad (17)
 \end{aligned}$$

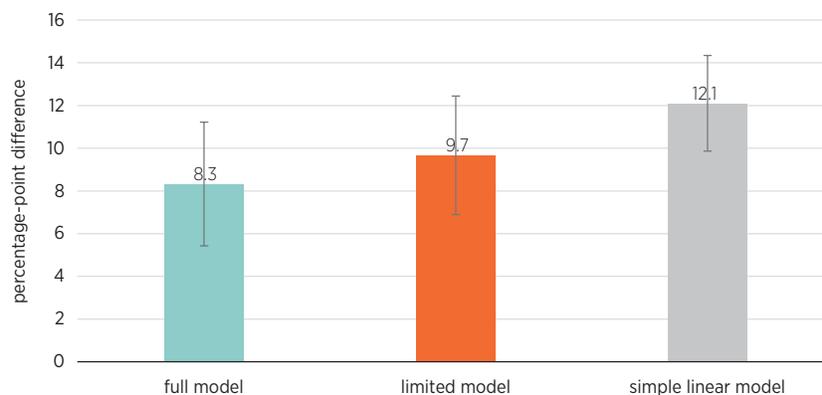
Figure 29 shows the estimated relationship between Any Privilege and the variable Should Governments Favor Businesses or Industries

FIGURE 29. SHOULD GOVERNMENTS IN THE UNITED STATES FAVOR SPECIFIC BUSINESSES OR INDUSTRIES? MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from a probit regression on a weighted sample of 500 business leaders.

FIGURE 30. SHOULD GOVERNMENTS IN THE UNITED STATES FAVOR SPECIFIC BUSINESSES OR INDUSTRIES? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Data are derived from a probit regression on a weighted sample of 500 business leaders.

(see table C5 in appendix C for the full results). Perhaps unsurprisingly, those who believe they work for firms that benefit from government privilege are more inclined to say government should favor specific businesses or industries. In the full model, Any Privilege is associated with a nearly 18 percent greater likelihood that a business leader will say governments should favor specific businesses or industries. In all three models, this relationship is statistically significant at the 1 percent level. In terms of both statistical significance and the magnitude of the effect, this is one of the strongest results of the study.

To estimate the relationship between Privilege Dependency and this belief, we estimate equation (18) with a probit regression model.

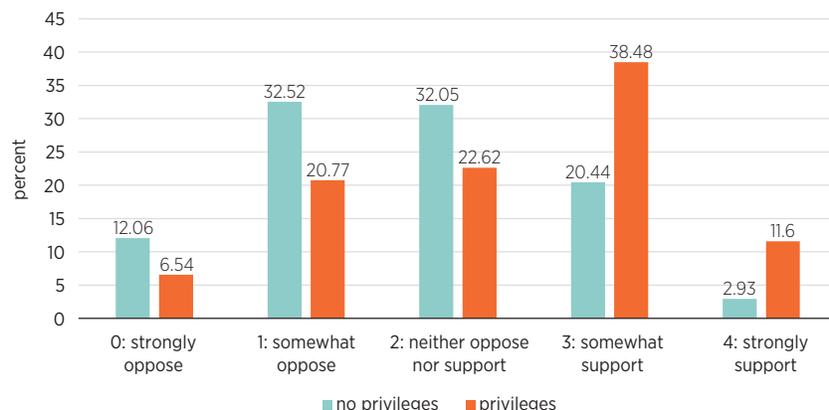
$$\begin{aligned}
 & \textit{Should Governments Favor Businesses or} \\
 & \textit{Industries} \\
 & = \alpha + \beta (\textit{Privilege Dependency}) \\
 & \quad + (\textit{Business Profile})\Gamma \\
 & \quad + (\textit{Belief Profile})\Delta + \\
 & \quad (\textit{Demographic Profile})\Xi + \varepsilon \quad (18)
 \end{aligned}$$

Figure 30 shows the estimated relationship between Privilege Dependency and the variable Should Governments Favor Businesses or Industries (see table C6 in appendix C for the full results). Those who believe they work for more privilege-dependent firms are more inclined to say that government should favor particular businesses or industries. In the full model, a one standard deviation increase in Privilege Dependency is associated with an 8.3 percent greater chance that the business leader will say that US governments should favor particular businesses or industries. The estimated relationship is statistically significant at the 1 percent level in all three models.

4.3.2. “What Is Your Overall Stance on Government Assistance to Firms or Industries?”

The previous question presented respondents with a stark choice between approving or disapproving of favoritism toward particular businesses or industries. Moreover, because it

FIGURE 31. WHAT IS YOUR OVERALL STANCE ON GOVERNMENT ASSISTANCE TO FIRMS OR INDUSTRIES?



Note: Data are derived from a weighted sample of 500 business leaders.

included the word “favor,” which some might take to be a pejorative term, it might be considered a leading question. Therefore, the same belief was probed in a slightly different way.

Respondents were asked to indicate their “overall stance on government assistance to firms or industries” on a scale of 0 (strongly oppose) to 4 (strongly support). By giving respondents a range of options and by recasting favoritism as “assistance,” we found them to be less opposed to the practice. The modal response, selected by 32 percent of business leaders, was 3, “somewhat support.” Figure 31 shows responses broken down by whether the business leader believes he or she works for a firm that benefits from government favoritism.

Clearly, those who believe they work for privileged firms are more inclined to view government assistance to firms or industries positively. Among those who believe they work for firms that do not benefit from privilege, the modal response—selected by 32.5 percent of the sample—was 1, “somewhat oppose.” By contrast, among those who believe they work for privileged firms, the modal response—selected by

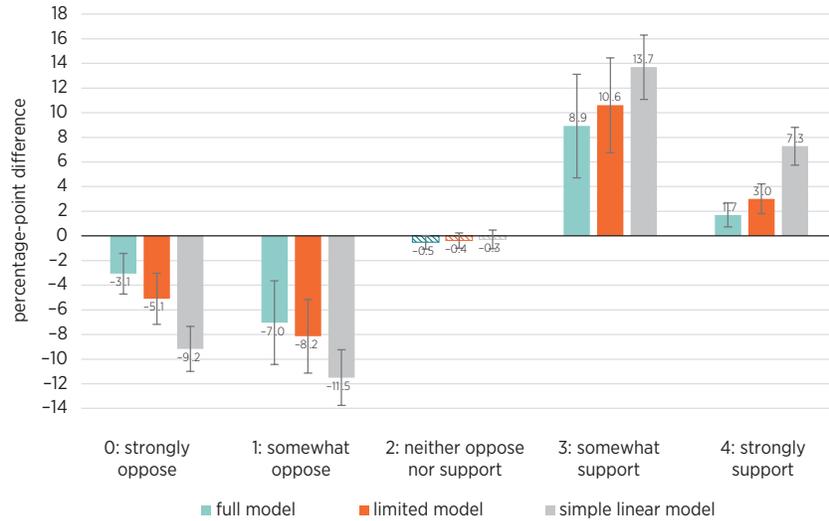
38.5 percent of the sample—was 3, “somewhat support.”

We estimate the marginal effect of firm-level favoritism on a business leader’s stance toward government assistance to firms or industries by estimating equation (19) with an ordered probit regression model.

$$\begin{aligned}
 & \textit{Stance on Government Assistance} \\
 & = \alpha + \beta(\textit{Any Privilege}) + (\textit{Business Profile})\Gamma \\
 & + (\textit{Belief Profile})\Delta + \\
 & (\textit{Demographic Profile})\Xi + \varepsilon \quad (19)
 \end{aligned}$$

Figure 32 presents the results. Even when controlling for other factors, those who believe they work for favored firms do, indeed, express stronger approval for government assistance to firms or industries. In the full model, a business leader who believes he or she works for a favored firm is 10.6 percent more likely to either somewhat support or strongly support government assistance and is just over 10 percent less likely to either somewhat oppose or strongly oppose government assistance. In all three models, the relationship is statistically significant at the 10 percent level in

FIGURE 32. WHAT IS YOUR OVERALL STANCE ON GOVERNMENT ASSISTANCE TO FIRMS OR INDUSTRIES? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

four of the five regressions (the response “neither oppose nor support” government assistance is not statistically significantly related to Any Privilege in any of the models). In the full model, it is significant at the 5 percent level in two regressions and at the 10 percent level in two others. In the models with fewer controls, it obtains higher levels of statistical significance.

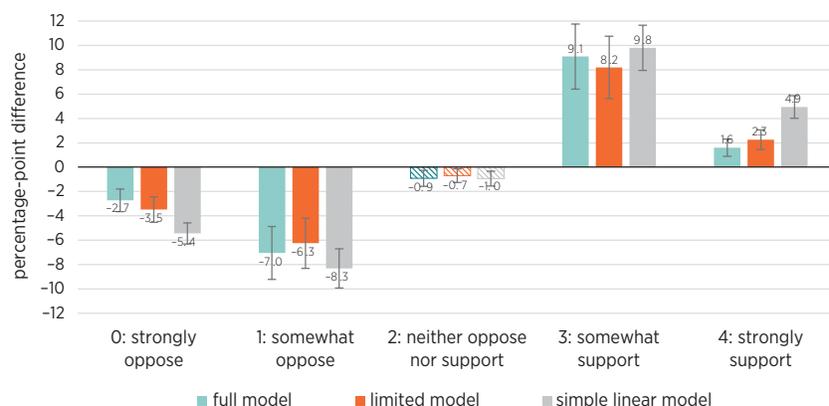
We estimate the marginal effect of Privilege Dependency on a business leader’s stance toward government assistance to firms or industries by estimating equation (20) with an ordered probit regression model.

$$\begin{aligned}
 & \textit{Stance on Government Assistance} \\
 & = \alpha + \beta(\textit{Privilege Dependency}) \\
 & \quad + (\textit{Business Profile})\Gamma \\
 & \quad + (\textit{Belief Profile})\Delta + \\
 & \quad (\textit{Demographic Profile})\Xi + \varepsilon \quad (20)
 \end{aligned}$$

Figure 33 presents the results. Even when controlling for other factors, those who believe they

work for more privilege-dependent firms are more inclined to approve and less inclined to disapprove of government assistance to firms or industries. In the full model, a one standard deviation increase in Privilege Dependency is associated with a 10.7 percent increase in the likelihood that business leaders will either somewhat support or strongly support government assistance and a 9.8 percent decrease in the likelihood that they will either somewhat or strongly oppose government assistance. As with the previous set of regressions, in four of the five regressions, the relationship is statistically significant at the 10 percent level or greater in all three models (the response “neither oppose nor support” government assistance is not statistically significantly related to Privilege Dependency in any of the models). In the full model, the relationship is significant at the 1 percent level in three of the four remaining models; in both the limited and simple models, it is significant at the 1 percent level in all four of the remaining models.

FIGURE 33. WHAT IS YOUR OVERALL STANCE ON GOVERNMENT ASSISTANCE TO FIRMS OR INDUSTRIES? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

4.3.3. “Should Government Favor Specific Firms?” and “Should Markets Be Free?”

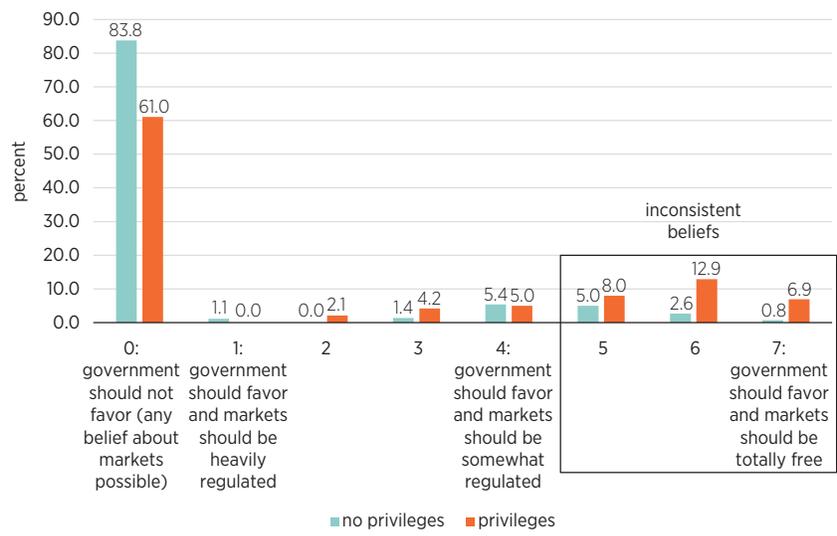
The two previous subsections show that business leaders who believe they work for favored firms are more inclined to support government favoritism, government assistance, or both. Recall from section 4.1.1 that business leaders who believe they work for privileged firms are also more likely to say that markets should be free (it should be noted that the relationship was not statistically significant in the full model and that, as discussed in section 4.1.3, these leaders were also more inclined to say that the US market is too free). Most economists would consider this to be a contradiction. A genuinely free market entails an open and level economic playing field. This is a point that has long been stressed, especially by free-market economists, since at least 1776, when Adam Smith authored *The Wealth of Nations*.

Given this apparent contradiction, we take a closer look at those who both approve of free markets and approve of government favoritism. To that end, a new variable was created,

Government Should Favor Specific Firms and Markets Should Be Free, which is the product of two other variables: Should Markets Be Free (described in section 4.1.1) and Should Government Favor Businesses or Industries (described in section 4.3.1). Figure 34 shows the range of values this variable takes, broken down by whether the respondent believes he or she works for a favored firm.

Since this is a combination of two variables, some explanation is required. Recall that Should Government Favor Specific Firms is a 0/1 variable, with 0 indicating the respondent does not approve of favoritism and 1 indicating the respondent does approve of favoritism. Now recall from section 4.1.1 that Should Markets Be Free took values from 0 (indicating the respondent believes markets should be heavily regulated) to 6 (indicating the respondent believes markets should be totally free). We added 1 to all observations of Should Markets Be Free (so that it ranged from 1 to 7 rather than 0 to 6) before multiplying it by the indicator variable. This way, when the two variables were multiplied to create Government

FIGURE 34. SHOULD GOVERNMENT FAVOR SPECIFIC FIRMS AND SHOULD MARKETS BE FREE?



Note: Data are derived from a weighted sample of 500 business leaders.

Should Favor Specific Firms and Markets Should Be Free, it is clear that any 0 values of the new variable reflect the respondent’s belief about favoritism and not his or her belief about free markets.

The product of these two variables takes values ranging from 0 to 7. A value of 0 indicates the respondent does not approve of favoritism and may hold any position on free markets. Among those who believe they work for non-favored firms, 83.8 percent of respondents hold this combination of beliefs. Among those who believe they work for favored firms, 61.0 percent hold this combination of beliefs. Note, however, that this portion of the chart doesn’t really provide any new information. It is just a reflection of the trend documented in section 4.3.1 that those who work for favored firms are less likely to disapprove of favoritism.

Of more interest are any values other than 0. A value of 1 means the respondent thinks firms

should be favored and markets should be heavily regulated. Values at the other end of the spectrum are of particular interest because they are particularly contradictory. A value of 7 means the respondent thinks firms should be favored and markets should be totally free. Values of 5, 6, or 7 indicate that the respondent believes government should favor specific firms and markets should be generally free. To put this in terms Milton Friedman once used, this combination of beliefs seems to confuse being “pro-business” with being “pro-market.” The variable takes a 5, a 6, or a 7 for just over 20 percent of all business leaders. But note that among those who believe they work for privileged firms, the fraction is greater. The variable takes a 5, a 6, or a 7 among 27.8 percent of business leaders who believe they work for privileged firms (8 + 12.9 + 6.9 = 27.8). But it takes a 5, a 6, or a 7 among just 8.4 percent of business leaders who work for nonprivileged firms (5 + 2.6 + 0.8 = 8.4). Thus, business leaders

who believe they work for privileged firms are more than three times more likely to hold this contradictory set of beliefs.

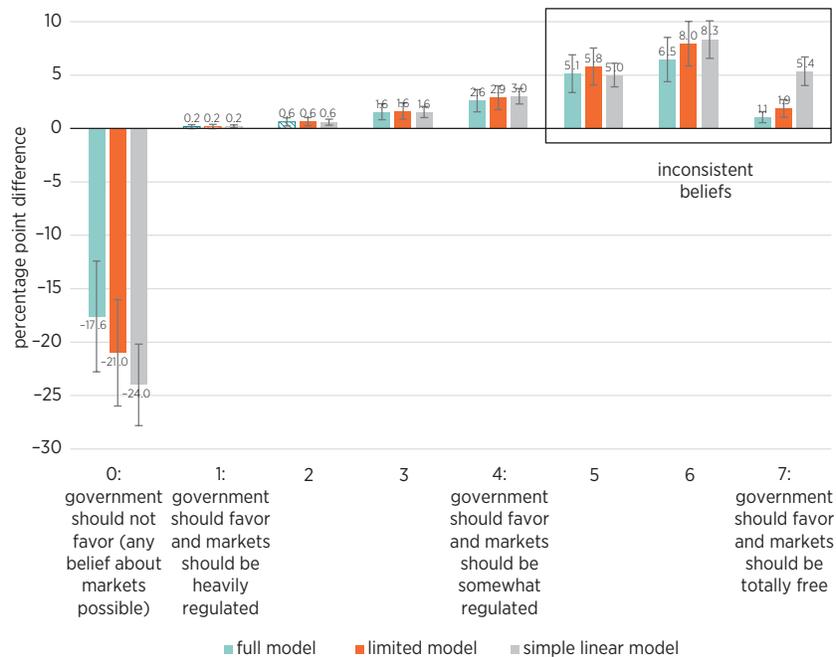
We estimate the marginal effect of favoritism on a business leader’s inclination to hold these contradictory beliefs by estimating equation (21) with an ordered probit regression model.

$$\begin{aligned}
 & \textit{Government Should Favor and Markets} \\
 & \textit{Should Be Free} \\
 & = \alpha + \beta(\textit{Any Privilege}) + (\textit{Business} \\
 & \quad \textit{Profile})\Gamma \\
 & + (\textit{Belief Profile})\Delta + \\
 & (\textit{Demographic Profile})\Xi + \varepsilon \quad (21)
 \end{aligned}$$

Figure 35 shows the estimated relationship between Any Privilege and Government Should Favor Specific Firms and Markets Should Be Free

(see table C7 in appendix C for the full results). A business leader who believes he or she works for a privileged firm is more inclined to hold the contradictory belief that markets should be free and government should favor particular firms. Again, the values 5, 6, and 7 are of particular importance here because they indicate that the respondent approves of both favoritism and generally freer markets. In the full model, it is 12.7 percent more likely that this variable will take a 5, a 6, or a 7 if the respondent believes he or she works for a privileged firm. In this model, two of the three regressions on these values are statistically significant at the 1 percent level, while the third is significant at the 5 percent level. In the more limited models, all three regressions on these values are statistically significant at the 1 percent level.

FIGURE 35. SHOULD GOVERNMENT FAVOR SPECIFIC FIRMS AND SHOULD MARKETS BE FREE? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

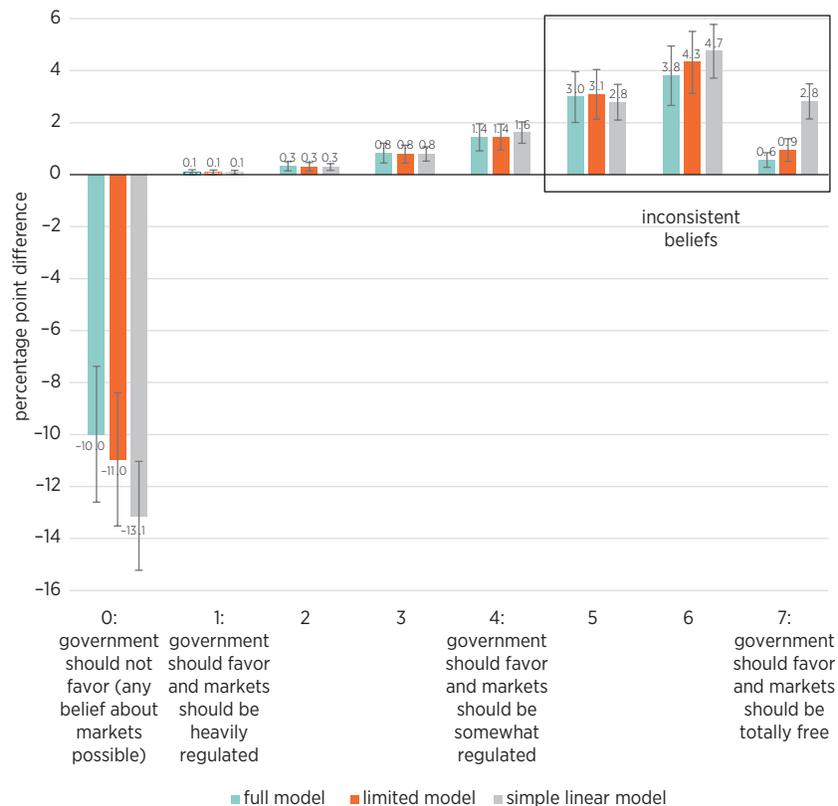
To investigate the relationship between privilege dependency and this contradictory combination of beliefs, we estimate equation (22) with an ordered probit regression model.

$$\begin{aligned}
 & \text{Government Should Favor and Markets} \\
 & \text{Should Be Free} \\
 & = \alpha + \beta(\text{Privilege Dependency}) \\
 & \quad + (\text{Business Profile})\Gamma \\
 & \quad + (\text{Belief Profile})\Delta + \\
 & \quad + (\text{Demographic Profile})\Xi + \varepsilon \quad (22)
 \end{aligned}$$

The results, shown in figure 36, suggest that even when controlling for other factors, those who believe they work for more privilege-dependent

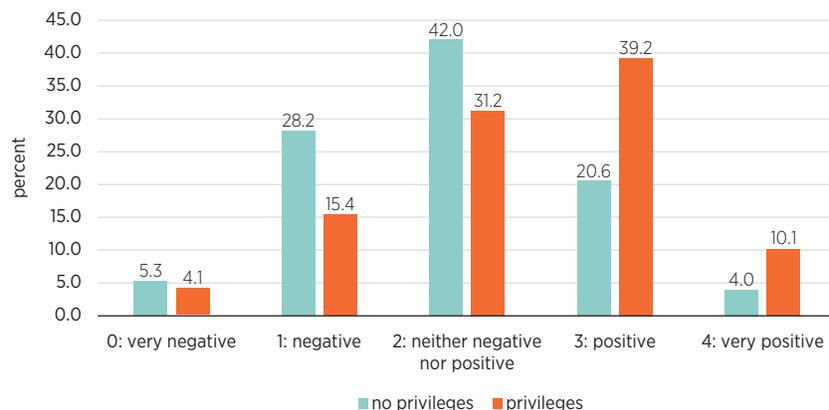
firms are more inclined to simultaneously believe markets should be free and government should favor particular firms or industries (see table C8 in appendix C for the full results). In the full model, it is 7.4 percent more likely that this variable will take a 5, a 6, or a 7 with every one standard deviation increase in Privilege Dependency. In the full and limited models, two of the three regressions on these values are statistically significant at the 1 percent level, while the third is significant at the 5 percent level. In the simple linear model, all three regressions on these values are statistically significant at the 1 percent level.

FIGURE 36. SHOULD GOVERNMENT FAVOR SPECIFIC FIRMS AND SHOULD MARKETS BE FREE? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

FIGURE 37. HOW DOES GOVERNMENT ASSISTANCE TO FIRMS OR INDUSTRIES AFFECT THE US ECONOMY?



Note: Data are derived from a weighted sample of 500 business leaders.

4.3.4. “How Would You Describe the Impact of Government Assistance to Firms or Industries on the US Economy?”

Normative beliefs about the desirability of government assistance may be underpinned by positive perceptions of the effects of that favoritism. To see whether this is true, respondents were asked, “How would you describe the impact of government assistance to firms or industries on the U.S. economy?” Possible responses ranged from 0, “very negative,” to 4, “very positive.” Figure 37 shows the range of responses, broken down by respondents who believe they work for privileged and nonprivileged firms. Among those who do not think they work for privileged firms, the modal response was 2, “neither negative nor positive,” selected by 42.0 percent. But among those who think they work for privileged firms, the modal response was 3, “positive,” which was selected by 39.2 percent of these business leaders.

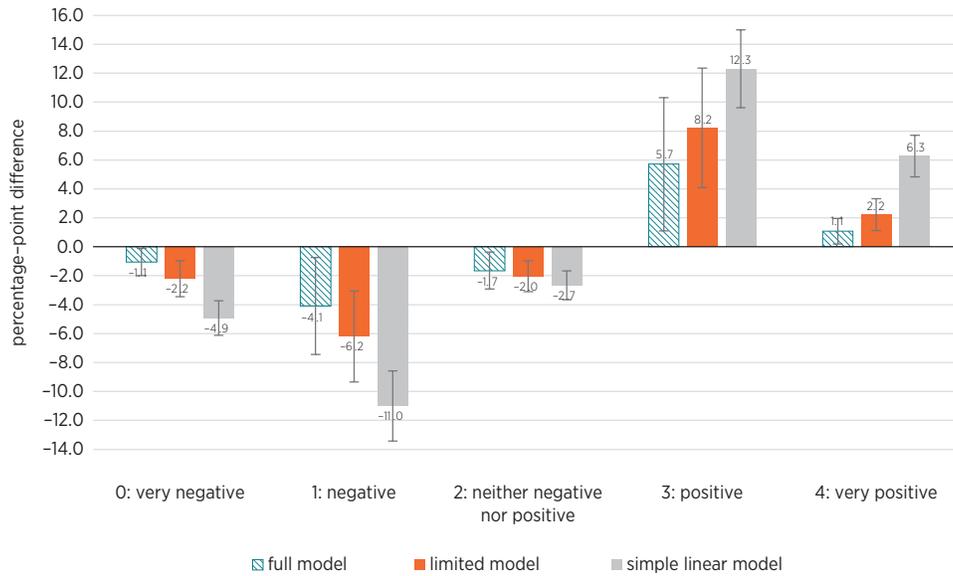
We estimate the marginal effect of favoritism on a business leader’s perception of the effects of

favoritism by estimating equation (23) with an ordered probit regression model.

$$\begin{aligned}
 & \textit{Is Government Assistance Good for the} \\
 & \textit{Economy} \\
 & = \alpha + \beta(\textit{Any Privilege}) + (\textit{Business} \\
 & \quad \textit{Profile})\Gamma \\
 & + (\textit{Belief Profile})\Delta + \\
 & \quad (\textit{Demographic Profile})\Xi + \varepsilon \quad (23)
 \end{aligned}$$

The results are shown in figure 38. Those who believe they work for privileged firms are more inclined to believe that government assistance is good for the economy, but the estimated relationship is not statistically significant when all controls are included. Thus, this result should be taken with some skepticism. In the limited model, the relationship is significant at the 5 percent level in three regressions and at the 10 percent level in the other two regressions. In the simple linear model, it is significant at the 1 percent level in all five regressions. In the limited model, a business leader who believes he or she works for a privileged firm is estimated to be 10.4 percent more likely to say government

FIGURE 38. IS GOVERNMENT ASSISTANCE TO FIRMS OR INDUSTRIES GOOD FOR THE ECONOMY? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

assistance has either a positive or a very positive effect on the economy and 8.4 percent less likely to say government assistance has either a negative or a very negative effect on the economy.

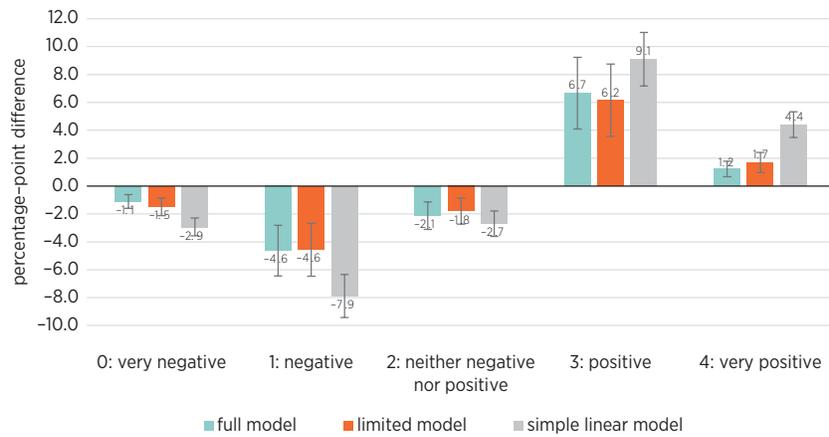
To estimate the marginal effect of privilege dependency on the perception that government assistance is good for the economy, we estimate equation (24) with an ordered probit regression.

$$\begin{aligned}
 & \textit{Is Government Assistance Good for the} \\
 & \textit{Economy} \\
 & = \alpha + \beta(\textit{Privilege Dependency}) + (\textit{Business Profile})\Gamma \\
 & + (\textit{Belief Profile})\Delta + \\
 & (\textit{Demographic Profile})\Xi + \varepsilon \quad (24)
 \end{aligned}$$

Figure 39 shows the estimated relationship between Privilege Dependency and the belief that government assistance is good for the econ-

omy. A business leader who believes his or her firm is more dependent on privilege is more inclined to agree and less inclined to disagree with the idea that government assistance is good for the economy. In the full model, a one standard deviation increase in Privilege Dependency is associated with a 7.9 percent greater likelihood that a business leader will think government assistance is either positive or very positive and with a 5.7 percent lower likelihood that he or she will think government assistance is either negative or very negative for the economy. In the full model, the estimated relationship is statistically significant at the 5 percent level in four regressions and at the 1 percent level in one regression. In the limited model, it is significant at the 5 percent level in four regressions and the 10 percent level in one regression. And in the simple model, it is significant at the 1 percent level in all five regressions.

FIGURE 39. IS GOVERNMENT ASSISTANCE TO FIRMS OR INDUSTRIES GOOD FOR THE ECONOMY? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



Note: Data are derived from an ordered probit regression on a weighted sample of 500 business leaders.

4.3.5. “What Is Most Important When It Comes to the Success of Your Business?”

The final question in this study was inspired by Luigi Zingales. The University of Chicago economist often writes about the pervasive nature of crony capitalism in his native country, Italy. As one piece of evidence, he cites an Italian survey of business managers:

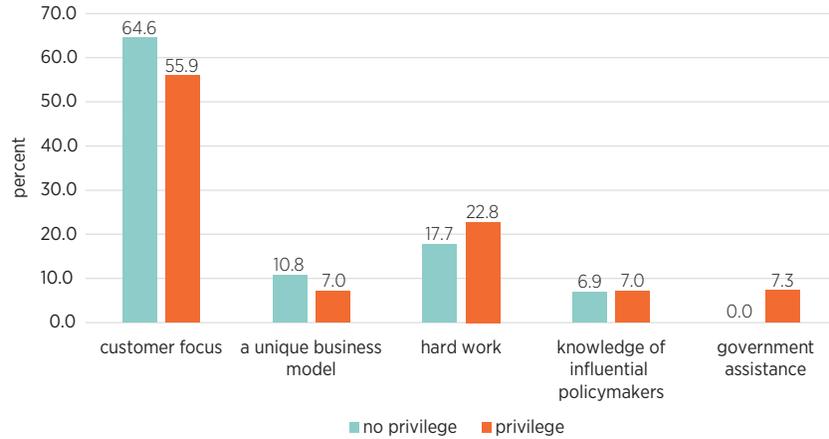
When asked in a recent study to name the most important determinants of financial success, Italian managers put “knowledge of influential people” in first place (80% considered it “important” or “very important”).³⁴

In our survey, business managers were asked to rank the importance of five possible factors that enable their firms to be successful: customer focus, a unique business model, hard work, knowledge of influential policymakers, and government assistance. Two of the five possible factors of success—customer focus and a unique business model—are socially beneficial. Business leaders who pursue

these strategies profit by adding to economic surplus, by increasing the size of the pie through positive-sum behavior.³⁵ One factor—hard work—is ambiguous, as one might assiduously work in either socially productive or socially destructive ways. And two factors—knowledge of influential policymakers and government assistance—are socially destructive, as they represent pathological rent-seeking behavior.

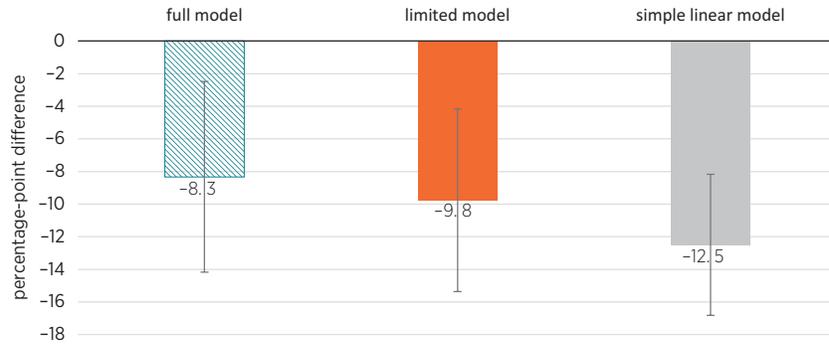
Figure 40 shows the percentage of respondents who ranked each of these factors as the most important. Responses are broken down by whether the business leader believes he or she works for a favored firm. Within both groups, the most commonly selected number one factor was “customer focus,” followed by “hard work.” Business leaders who believe they work for favored firms, however, are less inclined to say the socially beneficial factors—customer focus and a unique business model—are most important. They are also more inclined to say the socially destructive factors—knowledge of influential policymakers and government assistance—are the most important.

FIGURE 40. WHAT IS THE MOST IMPORTANT WHEN IT COMES TO THE SUCCESS OF YOUR BUSINESS?



Note: Data are derived from a weighted sample of 500 business leaders.

FIGURE 41. IS CUSTOMER FOCUS OR A UNIQUE BUSINESS MODEL THE MOST IMPORTANT FOR BUSINESS SUCCESS? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from a probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

To examine the relationship between favoritism and these perceptions, two indicator variables were created. The first, Customer Focus or Unique Business Model Most Important, takes the value 1 if the respondent ranked either customer focus or a unique business model as the most important factor in business success and 0 otherwise. The second, Knowledge of Influential Policymakers or Government Assistance Most Important, takes the value 1 if the respondent ranked either of these factors as the most important in business success and 0 otherwise.

We examine the relationship between favoritism and socially beneficial business strategies by estimating equation (25) with a probit regression model.³⁶

Customer Focus or Unique Business Model Most Important

$$\begin{aligned}
 &= \alpha + \beta(\text{Any Privilege}) + (\mathbf{Business Profile})\Gamma \\
 &+ (\mathbf{Belief Profile})\Delta + (\mathbf{Demographic Profile})\Xi + \varepsilon \quad (25)
 \end{aligned}$$

Figure 41 presents the results. In the full model, Customer Focus or Unique Business Model Most Important fails to obtain statistical significance at the 10 percent level. In the limited model, however, it is significant at the 10 percent level; in the simple model, it is significant at the 1 percent level. In the limited model, a business leader who thinks he or she works for a privileged firm is 9.8 percent less likely to say either customer focus or a unique business model is the most important factor in business success.

We examine the relationship between privilege dependency and socially beneficial business strategies by estimating equation (26) with a probit regression model.

$$\begin{aligned}
 & \text{Customer Focus or Unique Business} \\
 & \text{Model Most Important} \\
 & = \alpha + \beta(\text{Privilege Depen-} \\
 & \quad \text{dency}) + (\mathbf{Business Profile})\Gamma \\
 & + (\mathbf{Belief Profile})\Delta + \\
 & (\mathbf{Demographic Profile})\Xi + \varepsilon \quad (26)
 \end{aligned}$$

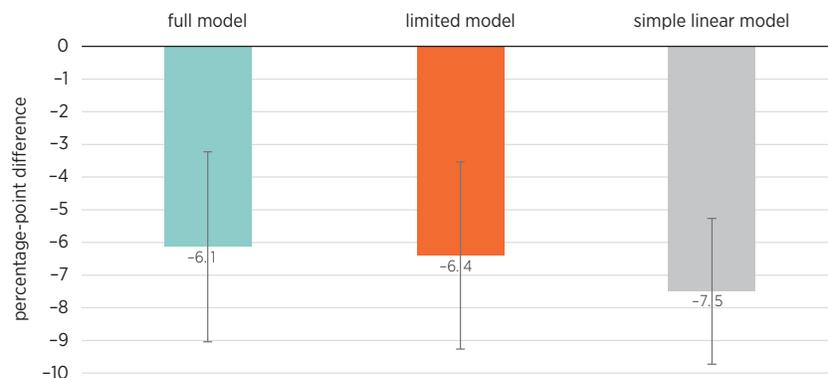
Figure 42 presents the results. Business leaders who believe they work for more privilege-dependent firms are less inclined to say either customer focus or a unique business model is the most important factor in business success.

In the full model, a business leader who thinks he or she works for a firm that is one standard deviation more dependent on government favoritism is a little more than 6 percent less likely to say either customer focus or a unique business model is the most important factor in business success. This relationship is statistically significant at the 5 percent level in both the full and the limited model and at the 1 percent level in the simple model.

Now we turn to the second of these indicator variables, Knowledge of Influential Policymakers or Government Assistance Most Important. To estimate the relationship between firm-level favoritism and the perception that knowledge of influential policymakers or government assistance is the most important factor in business success, we estimate equation (27) with a probit regression model.

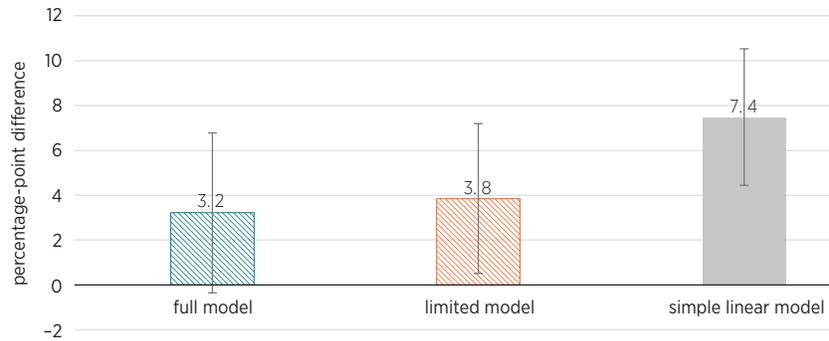
$$\begin{aligned}
 & \text{Knowledge of Influential Policymakers} \\
 & \text{or Gov. Assistance Most Important} \\
 & = \alpha + \beta(\text{Any Privilege}) + (\mathbf{Business} \\
 & \quad \mathbf{Profile})\Gamma \\
 & + (\mathbf{Belief Profile})\Delta + \\
 & (\mathbf{Demographic Profile})\Xi + \varepsilon \quad (27)
 \end{aligned}$$

FIGURE 42. IS CUSTOMER FOCUS OR A UNIQUE BUSINESS MODEL THE MOST IMPORTANT FOR BUSINESS SUCCESS? THE MARGINAL EFFECT OF A ONE STANDARD DEVIATION INCREASE IN PRIVILEGE DEPENDENCY



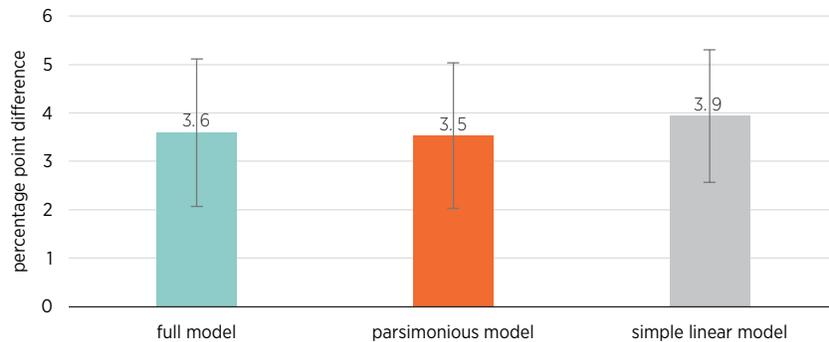
Note: Data are derived from a probit regression on a weighted sample of 500 business leaders.

FIGURE 43. IS GOVERNMENT ASSISTANCE OR KNOWLEDGE OF INFLUENTIAL POLICYMAKERS THE MOST IMPORTANT FOR BUSINESS SUCCESS? THE MARGINAL EFFECT OF ANY PRIVILEGE



Note: Data are derived from a probit regression on a weighted sample of 500 business leaders. Striped lines indicate that the relationship is not statistically significant at the 10 percent level.

FIGURE 44. IS GOVERNMENT ASSISTANCE OR KNOWLEDGE OF INFLUENTIAL POLICYMAKERS THE MOST IMPORTANT FOR BUSINESS SUCCESS?



Note: Derived from a probit regression on a weighted sample of 500 business leaders.

Figure 43 presents the results. In neither the full nor the limited models is Any Privilege statistically significantly related to this belief. In the simple linear model, the relationship is statistically significant at the 5 percent level. That estimate suggests that a business leader who works for a privileged firm is 7.4 percent more inclined to say that either knowledge of influential policymakers or government assistance is the most important factor in business success. The fact that the relationship fails to obtain standard thresholds of statistical significance when controls are added, however, should lead one to take it with a grain of salt.

We estimate the relationship between privilege dependency and this perception by estimating equation (28) with a probit regression model.

$$\begin{aligned}
 & \text{Knowledge of Influential Policymakers} \\
 & \text{or Gov. Assistance Most Important} \\
 & = \alpha + \beta(\text{Privilege Depen-} \\
 & \quad \text{dency}) + (\mathbf{Business Profile})\Gamma \\
 & \quad + (\mathbf{Belief Profile})\Delta + \\
 & \quad (\mathbf{Demographic Profile})\Xi + \varepsilon \quad (28)
 \end{aligned}$$

Figure 44 presents the results. Even when controlling for other factors, business leaders who believe they work for more privilege-dependent

firms are more inclined to say knowledge of influential policymakers or government assistance is the most important factor in business success. In the full model, a leader who thinks he or she works for a firm that is one standard deviation more dependent on privilege is 3.6 percent more likely to say knowledge of influential policymakers or government assistance is the most important factor in business success. In all three models, the relationship is statistically significant at the 1 percent level.

4.3.6. Summary of Favoritism and Beliefs about Favoritism

This subsection examines the relationship between self-perceived favoritism and attitudes toward favoritism. It is, perhaps, not surprising that the results in this section are among the

most economically and statistically significant in the paper. No matter how the question was asked, those who believe they work for privileged firms or for privilege-dependent firms are more inclined to believe that government should favor specific businesses or industries. Moreover, these business leaders are three times more likely to hold the inconsistent belief that governments should favor specific firms and that markets should be free. Those who believe they work for privileged firms or for privilege-dependent firms are also more inclined to believe favoritism is beneficial for the overall economy. Finally, they are less inclined to believe that customer focus or a unique business model is important for business success, while they are more inclined to believe that government assistance or knowledge of influential people is the most important factor in business success.

5. DISCUSSION

In a nationwide survey of 500 business leaders, we find that a substantial portion—61 percent—believe their firms benefit from government policies that somehow privilege them over others. About 47 percent report that their firms benefit from two or more forms of favoritism, with the most commonly reported form being tax breaks, followed by direct loans and regulatory privileges. Over 66 percent of business leaders believe their firms are at least somewhat dependent on government favor and that their firms would be negatively affected without it, even if other firms in their industry also went without privilege.

A series of regressions was run to see how perceptions of firm-level favoritism correlate with a business manager's beliefs about markets, government, and favoritism itself. A business manager who believes he or she works for a privileged firm or for a more privilege-dependent firm is more likely to agree that markets should be free in the abstract and that a freer market serves the general public. But that same business manager is also more likely to believe that the current US market is too free and competition is unfair to industry.

Business leaders who believe they work for privileged firms or for more privilege-dependent firms are more inclined to favor greater government involvement in economic matters and to

believe regulations benefit both consumers and the broader economy. They are also more likely to believe that competition is limited by government, which they may view as a good thing, given their belief that competition is unfair to industry.

A business leader who thinks he or she works for a privileged firm is 18 percent more likely to believe that government should favor specific businesses or industries and more likely to say that favoritism is good for the economy. Such a business leader is also three times more likely to hold the contradictory set of beliefs that markets should be free and that government should favor particular firms. Business leaders who believe they work for favored firms are less likely to say that either customer focus or a unique business model is the most important factor in business success, while they are more likely to say that government assistance or knowledge of influential policymakers is the most important factor in business success.

These results are disturbing. As documented elsewhere, privilege is pathological.³⁷ It wastes resources, throttles growth, encourages corruption, and violates standard notions of justice. The results of this survey suggest it may also affect culture. Those who work for favored firms may be less inclined to support free and competitive markets, more inclined to support

government intervention in the economy, and more likely to believe that favoritism is a legitimate and worthwhile government pursuit. We cannot be certain that we have identified a causal connection. It is possible that business leaders with these beliefs self-select into favored firms. It could also be that those who are more attuned to or aware of favoritism also tend to share these beliefs. Identifying the causal links here will be an important task for future researchers.

The results do suggest that, in some quarters of the business world, leaders share what Virgil Henry Storr and Seung Ginny Choi call “a culture of rent-seeking.” In such a culture “it is acceptable for citizens and policy makers to buy and sell policies and privileges.”³⁸ If the business community comes to view markets in this way, they are liable to confuse “pro-market” policies

with “pro-business” policies, a confusion that has concerned economists since Adam Smith. This, in turn, may undermine the general public’s faith in markets and in economic freedom. It may even give rise to ideological movements that are dedicated to the advancement of discriminatory policy.³⁹

As Deirdre McCloskey has argued, markets depend not only on the availability of capital and on the rule of law, but also on the way individuals think and talk about free markets.⁴⁰ Indeed, more than other economic systems, free-market capitalism may require “buy-in” from the general public.⁴¹ And if large portions of the population—starting with business leaders—have a warped shared understanding of markets and of favoritism, then free, open, and competitive markets may be in peril.

APPENDIX A. CHARACTERISTICS OF BUSINESS LEADERS IN SAMPLE

Table A1 shows the job function characteristics of the business leaders in the survey.

Table A2 shows business leaders' responses to a question regarding their role in making firm decisions. To qualify for the business leader survey, respondents had to either possess decision-making authority or have influence over the process of making decisions.

Table A3 shows the descriptive statistics of the control variables used in the survey.

Individual responses are weighted by firm size. Table A4 shows how weighting affects the descriptive statistics. As a robustness check, regressions were also run on the nonweighted sample, and the results did not differ significantly.

Table A5 shows descriptive statistics broken down by business leaders who believe they work for nonprivileged firms (Panel A) and privileged firms (Panel B).

TABLE A1. WHICH OF THE FOLLOWING MOST CLOSELY DESCRIBES YOUR JOB FUNCTION?

Job Function	Percent
C-level executive	29
Manager	28
Director	24
Vice-president	11
Associate/Specialist	3
Other	5

TABLE A2. WHICH OF THE FOLLOWING BEST DESCRIBES YOUR ROLE IN YOUR BUSINESS/FIRM'S FINANCIAL OR STRATEGIC DECISIONS?

Response	Percent
I am the primary decision maker.	51
I share the decision-making authority.	36
I participate by giving input/feedback, but have no decision-making authority.	12

Table A6 shows the control variables' means, broken down by whether the business leader believes his or her firm is privileged.⁴² As shown by the p-values in the rightmost column, many of these differences are statistically significant. Some may be owing to privilege itself. For example, it is not surprising that there are firm-level differences between favored and unfavored firms. The data suggest that firms whose business leaders believe the firm is privileged tend to grow faster, to have more employees, to have greater revenues, and to be in more highly regulated industries. These leaders, and presumably the firms they work for, are also more likely to reside in urban settings.

Other differences may or may not be owing to privilege. For example, those who believe they work for privileged firms are more inclined to believe the federal government is doing too much, are more likely to affiliate with the Democratic

TABLE A3. DESCRIPTIVE STATISTICS OF CONTROL VARIABLES, UNWEIGHTED SAMPLE OF 500 BUSINESS LEADERS

Variable	Observations	Mean	Std. Dev.	Min.	Max.
Business Profile					
Authority within firm	500	2.39	0.70	1	3
Growth of firm	500	0.97	0.82	-2	2
Number of firm employees	500	1,468.79	2,916.55	1	10,000
Firm revenue (\$10,000)	500	78,766.20	226,845.70	0.0001	1,000,000
Industry regulations	374	93,592.83	64,290.07	10,858.65	217,759.40
Belief Profile					
Belief that the federal government is doing too much	491	3.23	2.00	0	6
Democrat	500	0.27	0.44	0	1
Trust in the federal government	500	1.60	1.09	0	4
Demographic Profile					
Age	500	46.07	11.92	22	78
American Indian	500	0.01	0.08	0	1
Asian	500	0.09	0.29	0	1
Black	500	0.04	0.19	0	1
Hawaiian	500	0.01	0.11	0	1
Hispanic	500	0.08	0.27	0	1
Two races	500	0.02	0.15	0	1
Prefer not to respond on race	500	0.01	0.12	0	1
Married	500	0.76	0.43	0	1
Parent	490	0.66	0.47	0	1
Education level	500	4.60	1.44	0	7
Female	500	0.40	0.49	0	1
Frequency of vote in national elections	500	3.43	1.00	0	4
Income	479	118,215.00	51,756.77	0	200,000
Urban	500	1.14	0.64	0	2

party, and are more likely to trust the federal government. One can imagine that experience with firm-level privilege might induce some of these beliefs. But it also seems plausible that certain personality traits might correlate with these beliefs and make one more inclined to see firm-level privileges.

For most of the demographic variables, there do not appear to be statistically significant differences in means between those who believe they work for privileged firms and those who do not.

There are, however, three exceptions. As noted, those who believe they work for privileged firms do seem more likely to live in urban settings. They also appear to be younger, which might reflect a younger generation's greater awareness of firm-level favoritism. And they are also less likely to vote in national elections.

Taken together, these differences suggest two things. First, because there are nonrandom differences between the two groups, one should take the regression results derived from the full

TABLE A4. DESCRIPTIVE STATISTICS OF CONTROL VARIABLES, WEIGHTED SAMPLE OF 500 BUSINESS LEADERS

Variable	Observations	Weight	Mean	Std. Dev.	Min.	Max.
Business Profile						
Authority within firm	500	500.76	2.39	0.70	1	3
Growth of firm	500	500.76	1.04	0.81	-2	2
Number of firm employees	500	500.76	2,044.00	3,290.66	1	10,000
Firm revenue (\$10,000)	500	500.76	108,687.80	262,577.80	0.0001	1,000,000
Industry regulations	374	385.74	96,119.38	65,015.88	10,858.65	217,759.40
Belief Profile						
Belief that the federal government is doing too much	491	493.15	3.32	1.97	0	6
Democrat	500	500.76	0.27	0.45	0	1
Trust in the federal government	500	500.76	1.68	1.11	0	4
Demographic Profile						
Age	500	500.76	44.69	11.59	22	78
American Indian	500	500.76	0.01	0.09	0	1
Asian	500	500.76	0.10	0.30	0	1
Black	500	500.76	0.04	0.19	0	1
Hawaiian	500	500.76	0.01	0.11	0	1
Hispanic	500	500.76	0.09	0.29	0	1
Two races	500	500.76	0.02	0.14	0	1
Prefer not to respond on race	500	500.76	0.01	0.10	0	1
Married	500	500.76	0.77	0.42	0	1
Parent	490	492.86	0.67	0.47	0	1
Education level	500	500.76	4.67	1.40	0	7
Female	500	500.76	0.39	0.49	0	1
Frequency of vote in national elections	500	500.76	3.39	1.00	0	4
Income	479	481.18	120,881.50	51,304.00	0	200,000
Urban	500	500.76	1.17	0.64	0	2

models more seriously than those derived from the limited and simple linear models. Second, one should take even the results from the full model with some caution. If there are observable differences between those who believe they

work for privileged firms and those who do not, there may be unobservable differences between these groups that may be driving at least some of the results.

TABLE A5. DESCRIPTIVE STATISTICS OF CONTROL VARIABLES, WEIGHTED SAMPLE OF 500 BUSINESS LEADERS, PRIVILEGED AND NONPRIVILEGED FIRMS

Panel A: Nonprivileged Firms						
Variable	Observations	Weight	Mean	Std. Dev.	Min.	Max.
Business Profile						
Authority within firm	222	196.75	2.30	0.72	1	3
Growth of firm	222	196.75	0.77	0.81	-2	2
Number of firm employees	222	196.75	1,134.58	2,470.27	1	10,000
Firm revenue (\$10,000)	222	196.75	73,788.76	218,668.50	0.0001	1,000,000
Industry regulations	155	143.11	88,109.23	60,314.44	10,858.65	217,759.40
Belief Profile						
Belief that the federal government is doing too much	216	191.53	2.83	1.99	0	6
Democrat	222	196.75	0.23	0.42	0	1
Trust in the federal government	222	196.75	1.31	0.93	0	4
Demographic Profile						
Age	222	196.75	49.36	11.54	25	78
American Indian	222	196.75	0.00	0.00	0	0
Asian	222	196.75	0.10	0.31	0	1
Black	222	196.75	0.04	0.19	0	1
Hawaiian	222	196.75	0.01	0.08	0	1
Hispanic	222	196.75	0.06	0.24	0	1
Two races	222	196.75	0.01	0.12	0	1
Prefer not to respond on race	222	196.75	0.01	0.10	0	1
Married	222	196.75	0.76	0.43	0	1
Parent	220	195.46	0.62	0.49	0	1
Education level	222	196.75	4.54	1.47	1	7
Female	222	196.75	0.46	0.50	0	1
Frequency of vote in national elections	222	196.75	3.55	0.97	0	4
Income	211	187.81	123,486.50	53,349.28	0	200,000
Urban	222	196.75	1.09	0.59	0	2

TABLE A5. (Continued)

Panel B: Privileged Firms						
Variable	Observations	Weight	Mean	Std. Dev.	Min.	Max.
Business Profile						
Authority within firm	278	304.01	2.45	0.68	1	3
Growth of firm	278	304.01	1.21	0.76	-1	2
Number of firm employees	278	304.01	2,632.56	3,610.11	1	10,000
Firm revenue (\$10,000)	278	304.01	131,273.80	285,522.60	0.0001	1,000,000
Industry regulations	219	242.63	100,844.00	67,310.39	10,858.65	217,759.4
Belief Profile						
Belief that the federal government is doing too much	275	301.62	3.64	1.90	0	6
Democrat	278	304.01	0.30	0.46	0	1
Trust in the federal government	278	304.01	1.91	1.15	0	4
Demographic Profile						
Age	278	304.01	41.66	10.59	22	69
American Indian	278	304.01	0.01	0.12	0	1
Asian	278	304.01	0.10	0.30	0	1
Black	278	304.01	0.04	0.19	0	1
Hawaiian	278	304.01	0.02	0.12	0	1
Hispanic	278	304.01	0.11	0.31	0	1
Two races	278	304.01	0.02	0.15	0	1
Prefer not to respond on race	278	304.01	0.01	0.11	0	1
Married	278	304.01	0.78	0.42	0	1
Parent	270	297.40	0.71	0.45	0	1
Education level	278	304.01	4.76	1.34	0	7
Female	278	304.01	0.35	0.48	0	1
Frequency of vote in national elections	278	304.01	3.29	1.02	0	4
Income	268	293.37	119,213.80	49,971.87	25,000	200,000
Urban	278	304.01	1.22	0.66	0	2

TABLE A6. DIFFERENCES IN SAMPLE MEANS

Variable	Privilege = 0	Privilege = 1	Difference (p-value)
Business Profile			
Authority within firm	2.32	2.45	0.13 (0.04)
Growth of firm	0.72	1.16	0.44 (0.00)
Number of firm employees	726.49	2,061.57	1,335.09 (0.00)
Firm revenue (\$10,000)	47,374.77	103,834.20	56,459.43 (0.01)
Industry regulations	86,972.12	98,278.71	11,306.59 (0.09)
Belief Profile			
Belief that the federal government is doing too much	2.78	3.58	0.80 (0.00)
Democrat	0.23	0.30	0.07 (0.08)
Trust in the federal government	1.26	1.87	0.61 (0.00)
Demographic Profile			
Age	50.39	42.62	-7.77 (0.00)
American Indian	0.00	0.01	0.01 (0.12)
Asian	0.09	0.10	0.02 (0.57)
Black	0.04	0.04	0.00 (0.79)
Hawaiian	0.00	0.02	0.01 (0.17)
Hispanic	0.06	0.10	0.04 (0.11)
Two races	0.02	0.03	0.01 (0.59)
Prefer not to respond on race	0.01	0.01	0.00 (0.93)
Married	0.74	0.77	0.03 (0.49)
Parent	0.61	0.70	0.09 (0.04)
Education level	4.46	4.71	0.24 (0.06)
Female	0.45	0.35	-0.10 (0.03)
Frequency of vote in national elections	3.60	3.30	-0.30 (0.00)
Income	119,786.70	116,977.60	-2,809.10 (0.56)
Urban	1.06	1.19	0.13 (0.02)

APPENDIX B. PRIVILEGE BY INDUSTRY

The survey asked each business leader respondent to indicate the industry in which his or her firm operates. Respondents were given the option of 20 different industries, drawing from the North American Industry Classification System (NAICS). This question makes it possible to average respondents' answers by industry. Table B1

shows the responses. Note that five industries had fewer than 10 individuals in the sample. The responses from these industries should be taken with a grain of salt given the small number of observations.

At least one respondent in each industry reported that his or her firm benefits from at

TABLE B1. FIRM-LEVEL PRIVILEGES, BY INDUSTRY

Industry	Observations	Percentage of Business Sample Respondents Reporting That Their Firm Benefits from Any Privilege	Average Number of Privilege Forms
Professional, Scientific, and Technical Services	68	48	1.46
Manufacturing	62	73	2.37
Other Services (except Public Administration)	57	50	1.98
Finance and Insurance	51	71	2.29
Healthcare and Social Assistance	47	65	2.34
Educational Services	39	78	2.32
Construction	33	55	2.78
Information	25	75	2.96
Retail Trade	22	49	1.25
Transportation and Warehousing	17	30	1.08
Management of Companies and Enterprises	13	52	1.30
Wholesale Trade	12	36	1.31
Accommodation and Food Services	12	76	2.54
Real Estate Rental and Leasing	11	37	1.18
Arts, Entertainment, and Recreation	10	46	1.49
Public Administration	5	62	2.84
Administrative and Support and Waste Management and Remediation Services	5	100	2.07
Utilities	4	39	1.56
Agriculture, Forestry, Fishing, and Hunting	4	64	0.96
Mining, Quarrying, and Oil and Gas Extraction	3	46	1.37

Note: Data are derived from a weighted sample of 500 business leaders.

TABLE B2. PERCENTAGE OF ALL RESPONDENTS WHO BELIEVE THIS INDUSTRY TO BE PRIVILEGED

Industry	Percentage
Finance and Insurance	40
Mining, Quarrying, and Oil and Gas Extraction	30
Healthcare and Social Assistance	27
Utilities	20
Agriculture, Forestry, Fishing, and Hunting	19
Manufacturing	18
Management of Companies and Enterprises	16
Construction	14
Public Administration	13
Real Estate Rental and Leasing	12
Educational Services	12
Transportation and Warehousing	10
Professional, Scientific, and Technical Services	10
Administrative and Support and Waste Management and Remediation Services	9
Arts, Entertainment, and Recreation	8
Accommodation and Food Services	7
Wholesale Trade	7
Information	6
Other Services (except Public Administration)	4
Retail Trade	4

Note: Data are derived from a weighted sample of 500 business leaders and 500 consumers.

least one form of privilege. Among the full set of industries, the highest share of respondents (100 percent) who reported that their firms receive any privilege was found in Administrative and Support and Waste Management and Remediation Services. This response was driven, however, by only five respondents. Restricting our attention to the sample of industries with 10 or more respondents, the industries with the highest share of respondents reporting any privilege were Educational Services (78 percent), Accommodation and Food Services (76 percent), and Information (75 percent). The industries with the lowest share of respondents reporting any privilege were Transportation and Warehousing (30 percent), Wholesale Trade

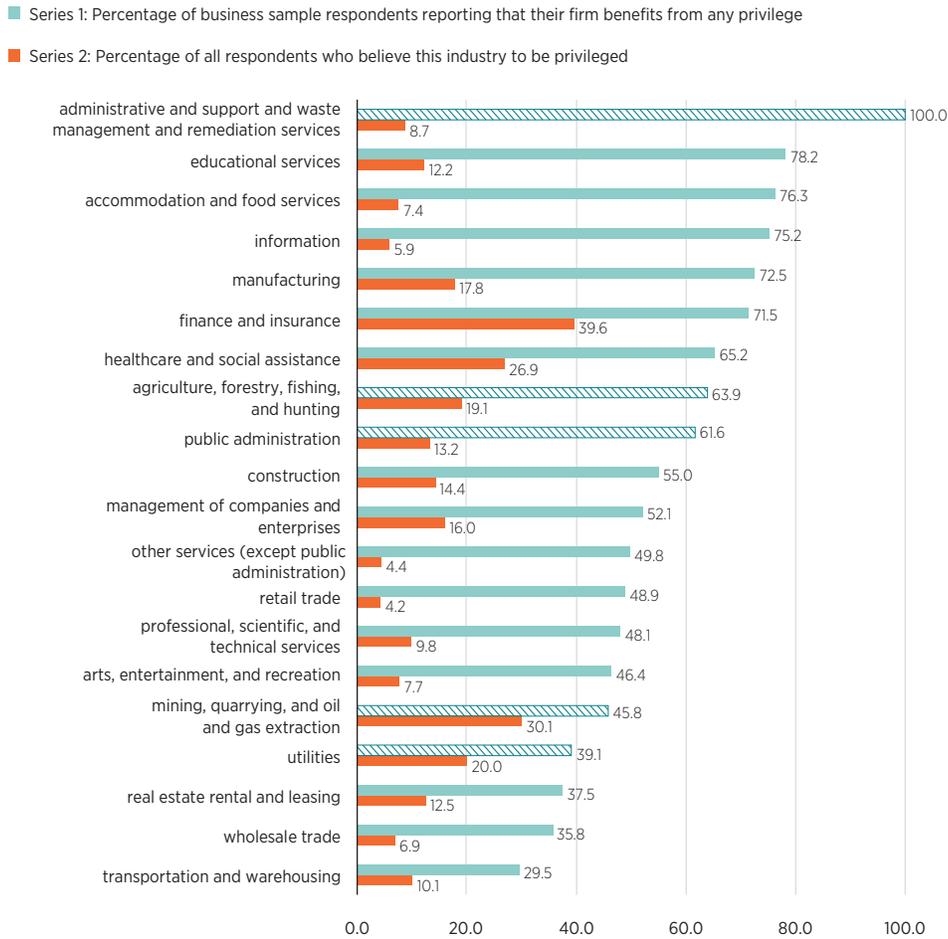
(36 percent), and Real Estate Rental and Leasing (37 percent).

In addition to asking business leaders about their own firms, the larger sample of both business managers and consumers was also asked which industries, in general, it believes to be favored. Responses are shown in table B2. The industry with the highest level of perceived privilege is Finance and Insurance. Forty percent of all respondents indicated that they believe this industry is favored by government. This is followed by Mining (30 percent) and Healthcare and Social Assistance (27 percent). Those industries believed to be the least favored are Retail Trade (4 percent), Other Services (4 percent), and Information (6 percent).

It is interesting to compare business leaders' perceptions of their own firms' privileges with the general perception of privileged industries. Figure B1 uses data from tables B1 and B2 to do this. The blue bars indicate business leaders' perception of whether their own firms benefit from any government favoritism, averaged across each industry. The striped bars indicate industries in which there were fewer than 10 respondents. The orange bars indicate the full sample's perception of which industries are favored.

Note two patterns to the data. First, note that general perceptions of privileged industries do not tightly correlate with business leaders' perceptions of their own firm's privileges. Among the full sample of industries, the two variables have a correlation coefficient of 0.08. If attention is restricted to the subset of 15 industries in which there were 10 or more respondents, the correlation is higher, 0.35. With only 15 or 20 industries, there may not be enough observations to draw much of an inference. But it is also possible that favoritism is a firm-level phenomenon rather than an industry-level phenomenon. It may also

FIGURE B1. BUSINESS LEADERS' PERCEPTIONS OF THEIR OWN FIRM'S PRIVILEGES VERSUS GENERAL PERCEPTIONS OF PRIVILEGE



Note: Series 1 is derived from the weighted sample of 500 business leaders. Series 2 is derived from the weighted sample of 1,000 consumers and business leaders. Diagonal stripes indicate fewer than 10 observations.

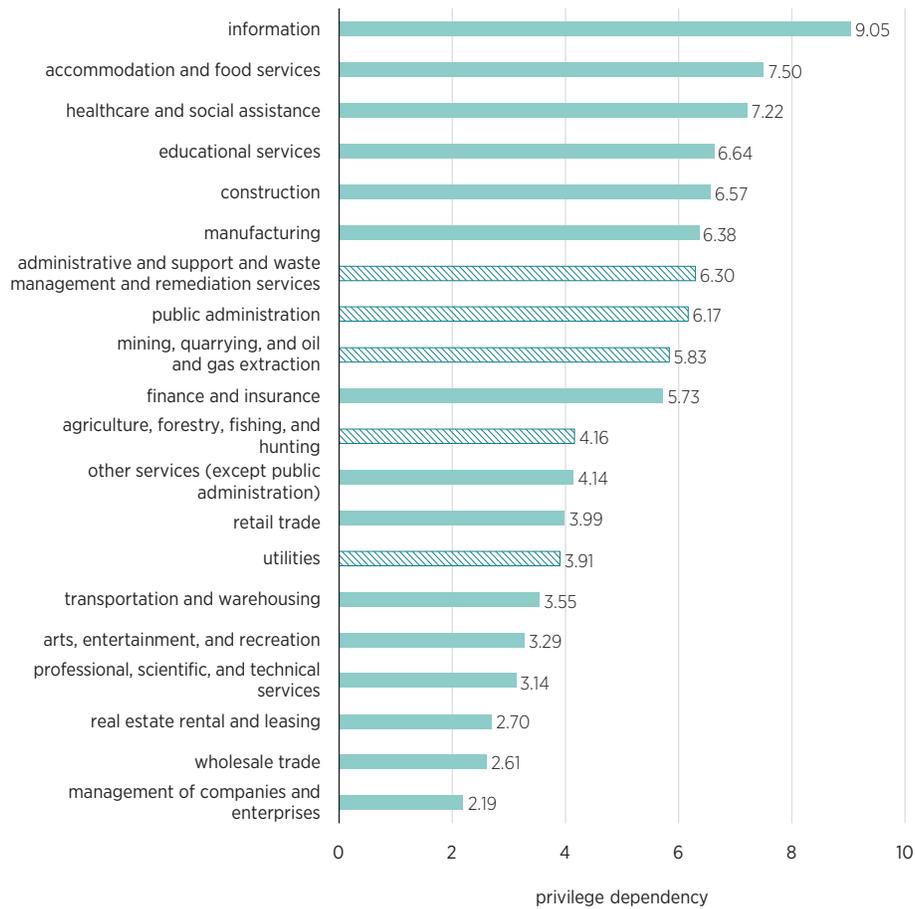
be possible that general perceptions of favored industries are wrong and that perceptions of favoritism should be reexamined in light of what business leaders—who presumably know more about their own firms than the general public—tell us.

Second, note that business leaders are far more inclined to believe their own firms are favored than the general public is inclined to believe these industries are favored. As noted, about 61 percent of business leaders believe their firm benefits from some form of government favoritism. But when a wider sample was asked

about favoritism by industry, respondents were less inclined to say that any particular industry was favored. Only about 14 percent of respondents believed any one industry benefits from government favoritism. As figure B1 shows, this pattern holds across all industries. This raises a question: Are business leaders more inclined to see favoritism in general or more inclined to see favoritism in their own industry?⁴³

Another question allows us to answer this. In addition to asking respondents about favoritism by industry, the survey also asked them

FIGURE B2. AVERAGE PRIVILEGE DEPENDENCY BY INDUSTRY



Note: Data are derived from a weighted sample of 500 business leaders. Diagonal stripes indicate fewer than 10 observations.

about favoritism in general. In particular, they were asked, “Do you believe that governments in the United States favor specific businesses or industries?” Across the entire sample—that is, including both business leaders and nonbusiness leaders—79 percent of respondents answered yes to this question. Interestingly, business leaders were slightly less inclined to answer yes than were members of the general population (81 percent versus 77 percent), though the difference in means was not statistically significant. This suggests that business leaders are not more inclined to see favoritism in general. Instead,

they do seem to be more attuned to favoritism of their own firms. In other words, business leaders are about as likely as the general population to believe firms are favored. But because the general population lacks specific knowledge about specific industries, they are less inclined to identify favoritism with any particular industry, whereas business leaders—who have firsthand knowledge of the issue—are attuned to favoritism toward their own firms.

Figure B2 reports firm privilege dependency, averaged by industry. As in figure B1, striped bars indicate industries with fewer than

TABLE B3. INDUSTRIES AND SUBINDUSTRIES

Industry (2-Digit NAICS Code Category)	Subindustry (3-Digit NAICS Code Category)
Accommodation and Food Services	Accommodation Food Service and Drinking Places
Administrative and Support and Waste Management and Remediation Services	Administrative and Support Services Waste Management and Remediation Services
Agriculture, Forestry, Fishing, and Hunting	Crop Production Animal Production and Aquaculture Forestry and Logging Fishing, Hunting, and Trapping Support Activities for Agriculture and Forestry
Arts, Entertainment, and Recreation	Performing Arts, Spectator Sports, and Related Industries Museums, Historical Sites, and Similar Institutions Amusement, Gambling, and Recreation Industries
Construction	Construction of Buildings Heavy and Civil Engineering Construction Specialty Trade Contractors
Educational Services	Educational Services
Finance and Insurance	Monetary Authorities—Central Bank Credit Intermediation and Related Activities Securities, Commodity Contracts, and Other Financial Investments and Related Activities Insurance Carriers and Related Activities Funds, Trusts, and Other Financial Vehicles
Healthcare and Social Assistance	Ambulatory Healthcare Services Hospitals Nursing and Residential Care Facilities Social Assistance
Information	Publishing Industries (except Internet) Motion Picture and Sound Recording Industries Broadcasting (except Internet) Telecommunications Data Processing, Hosting, and Related Services Other Information Services
Management of Companies and Enterprises	Management of Companies and Enterprises
Manufacturing	Food Manufacturing Beverage and Tobacco Product Manufacturing Textile Mills Textile Product Mills Apparel Manufacturing Leather and Allied Product Manufacturing Wood Product Manufacturing Paper Manufacturing Printing and Related Support Activities

TABLE B3. (Continued)

Industry (2-Digit NAICS Code Category)	Subindustry (3-Digit NAICS Code Category)
	Petroleum and Coal Products Manufacturing Chemical Manufacturing Plastics and Rubber Products Manufacturing Nonmetallic Mineral Product Manufacturing Primary Metal Manufacturing Fabricated Metal Product Manufacturing Machinery Manufacturing Computer and Electronic Product Manufacturing Electrical Equipment, Appliance, and Component Manufacturing Transportation Equipment Manufacturing Furniture and Related Product Manufacturing Miscellaneous Manufacturing
Mining, Quarrying, and Oil and Gas Extraction	Oil and Gas Extraction Mining (except Oil and Gas) Support Activities for Mining
Other Services (except Public Administration)	Repair and Maintenance Personal and Laundry Services Religious, Grantmaking, Civic, Professional, and Similar Organizations Private Households
Professional, Scientific, and Technical Services	Professional, Scientific, and Technical Services
Public Administration	Executive, Legislative, and Other General Government Support Justice, Public Order, and Safety Activities Administration of Human Resource Programs Administration of Environmental Quality Programs Administration of Housing Programs, Urban Planning, and Community Development Administration of Economic Programs Space Research and Technology National Security and International Affairs
Real Estate Rental and Leasing	Real Estate Rental and Leasing Services Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
Retail Trade	Motor Vehicle and Parts Dealers Furniture and Home Furnishings Stores Electronics and Appliance Stores Building Material and Garden Equipment and Supplies Dealers Food and Beverage Stores Health and Personal Care Stores Gasoline Stations Clothing and Clothing Accessories Stores Sporting Goods, Hobby, Musical Instrument, and Book Stores General Merchandise Stores Miscellaneous Store Retailers Nonstore Retailers
Transportation and Warehousing	Air Transportation Rail Transportation Water Transportation Truck Transportation Transit and Ground Passenger Transportation Pipeline Transportation

TABLE B3. (Continued)

Industry (2-Digit NAICS Code Category)	Subindustry (3-Digit NAICS Code Category)
	Scenic and Sightseeing Transportation Support Activities for Transportation Postal Service Couriers and Messengers Warehousing and Storage
Utilities	Utilities
Wholesale Trade	Merchant Wholesalers, Durable Goods Merchant Wholesalers, Nondurable Goods Wholesale Electronic Markets and Agents and Brokers

Note: For more details, see United States Census Bureau, North American Industry Classification System, "2017 NAICS," accessed January 3, 2019, <https://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2017>.

10 respondents. The industry whose managers report the highest degree of privilege dependency is the Information industry, followed by Accommodation and Food Services and Health-care and Social Assistance. The industries whose managers report the lowest level of privilege dependency are Management of Companies and Enterprises, Wholesale Trade, and Real Estate Rental and Leasing.

For reference, table B3 shows the broad industrial categories (the left column) as well as the subcategories of each industry (right column). Because the subindustry list is exhaustive, respon-

dents were asked to categorize themselves only by the broad industry list. Note, however, that not all the subcategories are intuitive. For example, a respondent might be forgiven for thinking that the Census considers the motion picture industry to be a subindustry of Arts, Entertainment, and Recreation. But in actuality, the Census considers the motion picture industry to be a subindustry of Information. For this reason, respondents' self-categorization (as well as regression results that assign industry-level regulations via these self-reported categories) should be taken with some caution.

APPENDIX C. SELECT REGRESSION RESULTS

Several of the tables in this appendix continue onto a second page. Owing to the size and shape of the tables, the continuation is horizontal rather than vertical.

Table C1 presents the full regression results obtained from estimating equation 1. The first row of results is depicted in figure 5.

Table C2 presents the full regression results obtained from estimating equation 2. The first row of results is depicted in figure 6.

Table C3 presents the full regression results obtained from estimating equation 9. The first row of results is depicted in figure 17. In this and in the next set of results, the Belief vector is omitted, since it closely resembles the dependent variable.

Table C4 presents the full regression results obtained from estimating equation 10. The first

row of results is depicted in figure 18. In this and in the previous set of results, the Belief vector is omitted, since it closely resembles the dependent variable.

Table C5 presents the full regression results obtained from estimating equation 17. The first row of results is depicted in figure 29.

Table C6 presents the full regression results obtained from estimating equation 18. The first row of results is depicted in figure 30.

Table C7 presents the full regression results obtained from estimating equation 21. The first row of results is depicted in figure 35.

Table C8 presents the full regression results obtained from estimating equation 22. The first row of results is depicted in figure 36.

TABLE C1. SHOULD MARKETS BE FREE?

	Factors That Correlate with the Odds of Answering . . .								
	0: Should be heavily regulated			1			2		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Own firm any privilege	-0.00211 (0.00206)	-0.00572 (0.00431)	-0.00872* (0.00502)	-0.0106 (0.00852)	-0.0209* (0.0117)	-0.0234** (0.00963)	-0.0177 (0.0138)	-0.0273* (0.0144)	-0.0257** (0.0100)
Authority within firm	0.000978 (0.00115)	-0.000942 (0.00166)		0.00505 (0.00534)	-0.00359 (0.00624)		0.00861 (0.00899)	-0.00485 (0.00844)	
Growth of firm	0.000600 (0.00100)	0.00166 (0.00187)		0.00310 (0.00494)	0.00632 (0.00647)		0.00528 (0.00838)	0.00853 (0.00848)	
Number of firm employees	-7.40e-08 (3.16e-07)	-1.16e-07 (5.09e-07)		-3.82e-07 (1.57e-06)	-4.41e-07 (1.89e-06)		-6.51e-07 (2.68e-06)	-5.96e-07 (2.55e-06)	
Firm revenue (\$10,000)	7.54e-09 (7.26e-09)	1.18e-08 (1.02e-08)		3.89e-08 (2.54e-08)	4.49e-08 (2.96e-08)		6.64e-08 (4.10e-08)	6.07e-08 (3.86e-08)	
Industry regulations	1.76e-08 (1.57e-08)	2.08e-08 (2.27e-08)		9.10e-08 (6.31e-08)	7.94e-08 (7.27e-08)		1.55e-07 (1.03e-07)	1.07e-07 (9.73e-08)	
Belief that the federal government is doing too much	-0.00287* (0.00164)			-0.0148*** (0.00415)			-0.0253*** (0.00608)		
Democrat	0.000141 (0.00170)			0.000727 (0.00876)			0.00124 (0.0149)		
Trust in the federal government	0.000261 (0.000838)			0.00135 (0.00419)			0.00230 (0.00712)		
Age	4.80e-05 (7.28e-05)	0.000142 (0.000131)		0.000248 (0.000362)	0.000541 (0.000461)		0.000423 (0.000613)	0.000730 (0.000612)	
American Indian	-0.00324 (0.00267)	-0.00600 (0.00400)		-0.0202 (0.0136)	-0.0278* (0.0153)		-0.0406 (0.0314)	-0.0446 (0.0278)	
Asian	-0.00330 (0.00245)	-0.00563 (0.00361)		-0.0193** (0.00926)	-0.0242** (0.0105)		-0.0368** (0.0175)	-0.0362** (0.0162)	
Black	0.0679 (0.0507)	0.0882 (0.0591)		0.158** (0.0711)	0.160** (0.0662)		0.144*** (0.0433)	0.122*** (0.0352)	
Hawaiian	0.0622 (0.0691)	0.0909 (0.0991)		0.149 (0.112)	0.162 (0.116)		0.139*** (0.0530)	0.121*** (0.0397)	
Hispanic	0.00489 (0.00547)	0.00737 (0.00750)		0.0221 (0.0216)	0.0249 (0.0232)		0.0338 (0.0274)	0.0306 (0.0249)	
Two races	0.0225 (0.0259)	0.0362 (0.0333)		0.0752 (0.0689)	0.0891 (0.0657)		0.0909 (0.0591)	0.0856** (0.0435)	
Prefer not to respond on race	-0.00348 (0.00215)	-0.00274 (0.00303)		-0.0225*** (0.00689)	-0.0112 (0.0131)		-0.0470*** (0.0139)	-0.0161 (0.0200)	
Married	-6.52e-06 (0.00164)	-0.00138 (0.00321)		-3.37e-05 (0.00846)	-0.00518 (0.0115)		-5.74e-05 (0.0144)	-0.00690 (0.0149)	
Parent	-0.00218 (0.00198)	-0.00447 (0.00337)		-0.0109 (0.00975)	-0.0164 (0.0124)		-0.0182 (0.0154)	-0.0215 (0.0152)	
Education level	-0.000144 (0.000598)	-0.000133 (0.000998)		-0.000744 (0.00309)	-0.000509 (0.00382)		-0.00127 (0.00530)	-0.000687 (0.00518)	
Female	0.00249 (0.00291)	0.00666 (0.00545)		0.0125 (0.0107)	0.0242* (0.0131)		0.0208 (0.0154)	0.0316** (0.0152)	
Frequency of vote in national elections	-0.00150 (0.00125)	-0.00199 (0.00165)		-0.00777* (0.00468)	-0.00760 (0.00532)		-0.0133* (0.00763)	-0.0103 (0.00699)	
Income	5.91e-09 (1.54e-08)	1.58e-09 (2.70e-08)		3.05e-08 (7.87e-08)	6.01e-09 (1.03e-07)		5.20e-08 (1.33e-07)	8.12e-09 (1.39e-07)	
Urban	-0.00195 (0.00148)	-0.00393 (0.00257)		-0.0101 (0.00671)	-0.0150* (0.00874)		-0.0172 (0.0116)	-0.0202* (0.0116)	
Observations	342	347	494	342	347	494	342	347	494

Note: Table reports the marginal effects of an ordered probit regression. Heteroscedasticity-robust standard errors are in parentheses. Subcolumns (1), (2), and (3) indicate the specific model that was used: full, limited, and simple linear, respectively. *** p<0.01, ** p<0.05, * p<0.1.

TABLE C1. (Continued)

Factors That Correlate with the Odds of Answering . . .											
3: Should be somewhat regulated			4			5			6: Should be totally free		
(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
-0.0359 (0.0270)	-0.0470** (0.0225)	-0.0419** (0.0162)	0.0101 (0.00840)	0.0132 (0.00808)	0.00840** (0.00415)	0.0436 (0.0328)	0.0640** (0.0313)	0.0554*** (0.0209)	0.0126 (0.00984)	0.0238* (0.0123)	0.0359** (0.0146)
0.0182 (0.0176)	-0.00885 (0.0159)		-0.00457 (0.00497)	0.00206 (0.00360)		-0.0217 (0.0216)	0.0117 (0.0205)		-0.00649 (0.00643)	0.00452 (0.00811)	
0.0111 (0.0176)	0.0156 (0.0154)		-0.00280 (0.00447)	-0.00362 (0.00375)		-0.0133 (0.0211)	-0.0205 (0.0204)		-0.00398 (0.00634)	-0.00796 (0.00798)	
-1.37e-06 (5.62e-06)	-1.09e-06 (4.65e-06)		3.45e-07 (1.43e-06)	2.53e-07 (1.09e-06)		1.64e-06 (6.75e-06)	1.43e-06 (6.14e-06)		4.91e-07 (2.01e-06)	5.56e-07 (2.38e-06)	
1.40e-07* (8.24e-08)	1.11e-07 (6.93e-08)		-3.52e-08 (2.54e-08)	-2.57e-08 (1.96e-08)		-1.68e-07* (9.85e-08)	-1.46e-07 (9.02e-08)		-5.00e-08 (3.16e-08)	-5.66e-08 (3.62e-08)	
3.27e-07 (2.12e-07)	1.96e-07 (1.77e-07)		-8.23e-08 (6.07e-08)	-4.54e-08 (4.40e-08)		-3.92e-07 (2.55e-07)	-2.58e-07 (2.33e-07)		-1.17e-07 (7.55e-08)	-9.99e-08 (9.09e-08)	
-0.0533*** (0.0113)			0.0134** (0.00540)			0.0639*** (0.0121)			0.0191*** (0.00442)		
0.00260 (0.0311)			-0.000662 (0.00806)			-0.00311 (0.0373)			-0.000925 (0.0111)		
0.00485 (0.0149)			-0.00122 (0.00381)			-0.00581 (0.0179)			-0.00173 (0.00532)		
0.000891 (0.00128)	0.00133 (0.00110)		-0.000224 (0.000330)	-0.000309 (0.000273)		-0.00107 (0.00153)	-0.00175 (0.00145)		-0.000318 (0.000462)	-0.000681 (0.000573)	
-0.122 (0.129)	-0.116 (0.0978)		-0.00495 (0.0388)	-0.00944 (0.0333)		0.130 (0.122)	0.125 (0.0852)		0.0610 (0.0899)	0.0791 (0.0886)	
-0.0985* (0.0546)	-0.0824** (0.0408)		0.00501 (0.0106)	0.00309 (0.00786)		0.109* (0.0560)	0.0961** (0.0430)		0.0438 (0.0324)	0.0492* (0.0296)	
0.0534 (0.0627)	0.0360 (0.0549)		-0.166*** (0.0554)	-0.140*** (0.0505)		-0.221*** (0.0367)	-0.218*** (0.0400)		-0.0368*** (0.0102)	-0.0476*** (0.0112)	
0.0557 (0.0888)	0.0298 (0.0968)		-0.159* (0.0832)	-0.142* (0.0826)		-0.212*** (0.0535)	-0.216*** (0.0609)		-0.0350*** (0.0100)	-0.0459*** (0.0114)	
0.0574 (0.0359)	0.0458 (0.0297)		-0.0247 (0.0248)	-0.0188 (0.0196)		-0.0748 (0.0525)	-0.0676 (0.0495)		-0.0187 (0.0122)	-0.0222 (0.0149)	
0.0901*** (0.0187)	0.0699*** (0.0189)		-0.0888 (0.0722)	-0.0798 (0.0557)		-0.159** (0.0719)	-0.161** (0.0640)		-0.0305*** (0.0109)	-0.0399*** (0.0124)	
-0.153*** (0.0590)	-0.0334 (0.0456)		-0.0175 (0.0245)	0.00411 (0.00322)		0.157*** (0.0500)	0.0411 (0.0523)		0.0859* (0.0475)	0.0183 (0.0267)	
-0.000121 (0.0304)	-0.0122 (0.0258)		3.05e-05 (0.00766)	0.00315 (0.00726)		0.000145 (0.0364)	0.0164 (0.0352)		4.32e-05 (0.0109)	0.00617 (0.0129)	
-0.0364 (0.0294)	-0.0370 (0.0243)		0.0106 (0.0100)	0.0104 (0.00865)		0.0444 (0.0362)	0.0503 (0.0340)		0.0127 (0.00996)	0.0186 (0.0118)	
-0.00268 (0.0111)	-0.00125 (0.00945)		0.000673 (0.00280)	0.000291 (0.00218)		0.00320 (0.0133)	0.00165 (0.0124)		0.000956 (0.00397)	0.000641 (0.00483)	
0.0422 (0.0298)	0.0543** (0.0247)		-0.0119 (0.0102)	-0.0153 (0.00946)		-0.0512 (0.0373)	-0.0740** (0.0347)		-0.0148 (0.0112)	-0.0276** (0.0131)	
-0.0279* (0.0164)	-0.0187 (0.0129)		0.00703 (0.00468)	0.00435 (0.00333)		0.0335* (0.0192)	0.0247 (0.0168)		0.00998* (0.00589)	0.00957 (0.00647)	
1.10e-07 (2.79e-07)	1.48e-08 (2.53e-07)		-2.76e-08 (7.17e-08)	-3.44e-09 (5.88e-08)		-1.31e-07 (3.34e-07)	-1.95e-08 (3.34e-07)		-3.92e-08 (9.93e-08)	-7.57e-09 (1.30e-07)	
-0.0362 (0.0234)	-0.0369* (0.0201)		0.00911 (0.00653)	0.00857 (0.00566)		0.0434 (0.0277)	0.0486* (0.0263)		0.0129 (0.00867)	0.0189* (0.0103)	
342	347	494	342	347	494	342	347	494	342	347	494

TABLE C2. SHOULD MARKETS BE FREE?

	Factors That Correlate with the Odds of Answering . . .								
	0: Should be heavily regulated			1			2		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Own firm dependent on privileges	-0.000364 (0.000248)	-0.000742* (0.000426)	-0.00116** (0.000505)	-0.00207** (0.000815)	-0.00314*** (0.00102)	-0.00341*** (0.000867)	-0.00364*** (0.00131)	-0.00439*** (0.00135)	-0.00393*** (0.000962)
Authority within firm	0.000989 (0.00106)	-0.000504 (0.00145)		0.00563 (0.00526)	-0.00213 (0.00611)		0.00989 (0.00906)	-0.00298 (0.00855)	
Growth of firm	0.000833 (0.000975)	0.00198 (0.00180)		0.00474 (0.00497)	0.00839 (0.00653)		0.00833 (0.00865)	0.0117 (0.00882)	
Number of firm employees	7.40e-09 (2.49e-07)	2.64e-08 (4.00e-07)		4.22e-08 (1.43e-06)	1.12e-07 (1.70e-06)		7.40e-08 (2.50e-06)	1.56e-07 (2.38e-06)	
Firm revenue (\$10,000)	6.16e-09 (6.00e-09)	9.43e-09 (8.33e-09)		3.51e-08 (2.36e-08)	3.99e-08 (2.73e-08)		6.16e-08 (3.92e-08)	5.57e-08 (3.68e-08)	
Industry regulations	1.46e-08 (1.34e-08)	1.65e-08 (1.92e-08)		8.34e-08 (5.99e-08)	6.98e-08 (6.94e-08)		1.46e-07 (1.02e-07)	9.74e-08 (9.70e-08)	
Belief that the federal government is doing too much	-0.00247* (0.00145)			-0.0140*** (0.00400)			-0.0247*** (0.00596)		
Democrat	9.56e-05 (0.00147)			0.000543 (0.00835)			0.000953 (0.0146)		
Trust in the federal government	0.000218 (0.000721)			0.00124 (0.00399)			0.00218 (0.00699)		
Age	3.03e-05 (6.20e-05)	0.000108 (0.000114)		0.000173 (0.000347)	0.000458 (0.000443)		0.000303 (0.000605)	0.000640 (0.000604)	
American Indian	-0.00262 (0.00249)	-0.00483 (0.00377)		-0.0177 (0.0156)	-0.0245 (0.0180)		-0.0360 (0.0367)	-0.0399 (0.0336)	
Asian	-0.00261 (0.00204)	-0.00436 (0.00304)		-0.0166* (0.00887)	-0.0205** (0.0102)		-0.0323* (0.0172)	-0.0314** (0.0160)	
Black	0.0646 (0.0461)	0.0838 (0.0561)		0.161** (0.0675)	0.165** (0.0658)		0.149*** (0.0428)	0.127*** (0.0359)	
Hawaiian	0.0674 (0.0605)	0.0996 (0.0895)		0.164* (0.0990)	0.180* (0.105)		0.148*** (0.0442)	0.130*** (0.0340)	
Hispanic	0.00431 (0.00481)	0.00640 (0.00653)		0.0215 (0.0208)	0.0240 (0.0223)		0.0338 (0.0273)	0.0304 (0.0248)	
Two races	0.0133 (0.0170)	0.0193 (0.0205)		0.0539 (0.0576)	0.0598 (0.0541)		0.0722 (0.0589)	0.0652 (0.0451)	
Prefer not to respond on race	-0.00304 (0.00194)	-0.00247 (0.00248)		-0.0218*** (0.00673)	-0.0113 (0.0117)		-0.0472*** (0.0132)	-0.0168 (0.0185)	
Married	0.000290 (0.00138)	-0.000446 (0.00261)		0.00167 (0.00794)	-0.00188 (0.0108)		0.00294 (0.0142)	-0.00261 (0.0149)	
Parent	-0.00142 (0.00160)	-0.00300 (0.00272)		-0.00791 (0.00902)	-0.0124 (0.0113)		-0.0136 (0.0150)	-0.0168 (0.0147)	
Education level	-0.000161 (0.000527)	-0.000210 (0.000866)		-0.000914 (0.00300)	-0.000890 (0.00368)		-0.00161 (0.00530)	-0.00124 (0.00519)	
Female	0.00210 (0.00248)	0.00573 (0.00479)		0.0116 (0.0101)	0.0232* (0.0128)		0.0200 (0.0150)	0.0313** (0.0150)	
Frequency of vote in national elections	-0.00132 (0.00109)	-0.00171 (0.00143)		-0.00749* (0.00451)	-0.00725 (0.00511)		-0.0132* (0.00753)	-0.0101 (0.00696)	
Income	2.07e-09 (1.34e-08)	-4.22e-09 (2.39e-08)		1.18e-08 (7.66e-08)	-1.79e-08 (1.00e-07)		2.07e-08 (1.34e-07)	-2.50e-08 (1.41e-07)	
Urban	-0.00140 (0.00121)	-0.00274 (0.00211)		-0.00799 (0.00634)	-0.0116 (0.00827)		-0.0140 (0.0113)	-0.0162 (0.0114)	
Observations	342	347	494	342	347	494	342	347	494

Note: Table reports the marginal effects of an ordered probit regression. Heteroscedasticity-robust standard errors are in parentheses. Subcolumns (1), (2), and (3) indicate the specific model that was used: full, limited, and simple linear, respectively. *** p<0.01, ** p<0.05, * p<0.1.

TABLE C2. (Continued)

Factors That Correlate with the Odds of Answering . . .											
3: Should be somewhat regulated			4			5			6: Should be totally free		
(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
-0.00786*** (0.00267)	-0.00821*** (0.00238)	-0.00697*** (0.00172)	0.00199** (0.000894)	0.00193** (0.000847)	0.00113** (0.000485)	0.00933*** (0.00310)	0.0107*** (0.00295)	0.00885*** (0.00201)	0.00261*** (0.00100)	0.00386*** (0.00116)	0.00549*** (0.00131)
0.0214 (0.0181)	-0.00557 (0.0163)		-0.00543 (0.00522)	0.00131 (0.00376)		-0.0254 (0.0220)	0.00726 (0.0210)		-0.00710 (0.00616)	0.00262 (0.00766)	
0.0180 (0.0186)	0.0219 (0.0164)		-0.00457 (0.00491)	-0.00514 (0.00422)		-0.0214 (0.0220)	-0.0286 (0.0214)		-0.00597 (0.00618)	-0.0103 (0.00772)	
1.60e-07 (5.41e-06)	2.92e-07 (4.45e-06)		-4.06e-08 (1.37e-06)	-6.84e-08 (1.04e-06)		-1.90e-07 (6.42e-06)	-3.80e-07 (5.80e-06)		-5.31e-08 (1.80e-06)	-1.37e-07 (2.09e-06)	
1.33e-07 (8.10e-08)	1.04e-07 (6.80e-08)		-3.38e-08 (2.48e-08)	-2.45e-08 (1.91e-08)		-1.58e-07* (9.57e-08)	-1.36e-07 (8.73e-08)		-4.42e-08 (2.88e-08)	-4.90e-08 (3.26e-08)	
3.16e-07 (2.15e-07)	1.82e-07 (1.81e-07)		-8.03e-08 (6.14e-08)	-4.28e-08 (4.48e-08)		-3.76e-07 (2.56e-07)	-2.37e-07 (2.35e-07)		-1.05e-07 (7.08e-08)	-8.57e-08 (8.50e-08)	
-0.0533*** (0.0111)			0.0135** (0.00536)			0.0633*** (0.0118)			0.0177*** (0.00434)		
0.00205 (0.0314)			-0.000526 (0.00814)			-0.00244 (0.0373)			-0.000679 (0.0104)		
0.00472 (0.0150)			-0.00120 (0.00387)			-0.00560 (0.0179)			-0.00157 (0.00496)		
0.000656 (0.00130)	0.00120 (0.00112)		-0.000166 (0.000334)	-0.000281 (0.000275)		-0.000778 (0.00154)	-0.00156 (0.00145)		-0.000218 (0.000434)	-0.000563 (0.000537)	
-0.106 (0.144)	-0.102 (0.114)		-0.000202 (0.0336)	-0.00436 (0.0318)		0.115 (0.144)	0.114 (0.108)		0.0475 (0.0864)	0.0623 (0.0901)	
-0.0861 (0.0527)	-0.0710* (0.0397)		0.00677 (0.00798)	0.00477 (0.00604)		0.0962* (0.0558)	0.0842* (0.0437)		0.0347 (0.0273)	0.0383 (0.0255)	
0.0550 (0.0599)	0.0376 (0.0549)		-0.172*** (0.0525)	-0.147*** (0.0499)		-0.222*** (0.0343)	-0.221*** (0.0380)		-0.0346*** (0.00983)	-0.0446*** (0.0110)	
0.0470 (0.0844)	0.0185 (0.0947)		-0.174*** (0.0673)	-0.159** (0.0695)		-0.219*** (0.0418)	-0.225*** (0.0471)		-0.0332*** (0.00956)	-0.0435*** (0.0108)	
0.0588 (0.0366)	0.0468 (0.0307)		-0.0253 (0.0250)	-0.0192 (0.0198)		-0.0753 (0.0521)	-0.0678 (0.0494)		-0.0177 (0.0115)	-0.0208 (0.0140)	
0.0887*** (0.0300)	0.0713*** (0.0215)		-0.0674 (0.0677)	-0.0548 (0.0501)		-0.135* (0.0798)	-0.129* (0.0714)		-0.0259** (0.0117)	-0.0323** (0.0138)	
-0.159*** (0.0557)	-0.0360 (0.0437)		-0.0196 (0.0239)	0.00435 (0.00322)		0.164*** (0.0484)	0.0439 (0.0499)		0.0862* (0.0443)	0.0183 (0.0239)	
0.00644 (0.0313)	-0.00482 (0.0273)		-0.00157 (0.00740)	0.00118 (0.00690)		-0.00762 (0.0368)	0.00632 (0.0360)		-0.00216 (0.0106)	0.00226 (0.0127)	
-0.0284 (0.0301)	-0.0301 (0.0250)		0.00802 (0.00962)	0.00822 (0.00813)		0.0341 (0.0365)	0.0402 (0.0340)		0.00923 (0.00949)	0.0139 (0.0112)	
-0.00347 (0.0114)	-0.00232 (0.00970)		0.000880 (0.00289)	0.000545 (0.00225)		0.00412 (0.0135)	0.00303 (0.0126)		0.00115 (0.00379)	0.00109 (0.00456)	
0.0416 (0.0299)	0.0551** (0.0250)		-0.0118 (0.0101)	-0.0156 (0.00953)		-0.0500 (0.0370)	-0.0741** (0.0348)		-0.0136 (0.0104)	-0.0257** (0.0123)	
-0.0284* (0.0164)	-0.0189 (0.0131)		0.00722 (0.00480)	0.00444 (0.00343)		0.0337* (0.0192)	0.0247 (0.0169)		0.00944* (0.00546)	0.00889 (0.00600)	
4.46e-08 (2.89e-07)	-4.67e-08 (2.63e-07)		-1.13e-08 (7.38e-08)	1.10e-08 (6.21e-08)		-5.30e-08 (3.43e-07)	6.09e-08 (3.43e-07)		-1.48e-08 (9.59e-08)	2.20e-08 (1.24e-07)	
-0.0303 (0.0235)	-0.0303 (0.0204)		0.00770 (0.00648)	0.00711 (0.00553)		0.0360 (0.0278)	0.0395 (0.0266)		0.0101 (0.00793)	0.0142 (0.00955)	
342	347	494	342	347	494	342	347	494	342	347	494

TABLE C3. WHAT LEVEL OF INVOLVEMENT SHOULD THE GOVERNMENT HAVE IN ECONOMIC MATTERS?

	Factors That Correlate with the Odds of Answering . . .								
	0: No involvement			1			2		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Own firm any privilege	-0.00613 (0.00558)	-0.00804 (0.00507)	-0.0160*** (0.00606)	-0.0183 (0.0172)	-0.0242 (0.0154)	-0.0407*** (0.0149)	-0.0129 (0.0120)	-0.0156 (0.00969)	-0.0263*** (0.00931)
Authority within firm	-0.00438 (0.00385)			-0.0134 (0.0103)			-0.00963 (0.00768)		
Growth of firm	-0.0103** (0.00463)			-0.0315*** (0.0113)			-0.0227*** (0.00792)		
Number of firm employees	-2.08e-07 (8.03e-07)			-6.36e-07 (2.40e-06)			-4.58e-07 (1.73e-06)		
Firm revenue (\$10,000)	-2.74e-09 (1.33e-08)			-8.35e-09 (4.06e-08)			-6.01e-09 (2.94e-08)		
Industry regulations	4.55e-08 (4.41e-08)			1.39e-07 (1.14e-07)			9.98e-08 (8.46e-08)		
Age	0.000810** (0.000336)	0.000872*** (0.000308)		0.00247*** (0.000867)	0.00269*** (0.000723)		0.00178*** (0.000655)	0.00177*** (0.000507)	
American Indian	0.0560 (0.0868)	0.0459 (0.0689)		0.110 (0.121)	0.0968 (0.107)		0.0569 (0.0413)	0.0478 (0.0375)	
Asian	0.00183 (0.00888)	-0.00206 (0.00718)		0.00547 (0.0257)	-0.00651 (0.0236)		0.00388 (0.0180)	-0.00435 (0.0160)	
Black	0.00697 (0.0181)	-0.00228 (0.00951)		0.0197 (0.0472)	-0.00725 (0.0311)		0.0133 (0.0302)	-0.00486 (0.0212)	
Hawaiian	0.0161 (0.0343)	0.0289 (0.0393)		0.0415 (0.0752)	0.0682 (0.0730)		0.0263 (0.0427)	0.0367 (0.0323)	
Hispanic	0.00128 (0.00890)	-0.00587 (0.00566)		0.00385 (0.0264)	-0.0194 (0.0192)		0.00275 (0.0186)	-0.0134 (0.0141)	
Two races	-0.0129* (0.00769)	-0.0101 (0.00816)		-0.0489 (0.0331)	-0.0366 (0.0333)		-0.0420 (0.0341)	-0.0271 (0.0275)	
Prefer not to respond on race	0.0128 (0.0146)	0.0929 (0.0655)		0.0339 (0.0315)	0.153** (0.0646)		0.0220 (0.0191)	0.0626*** (0.0159)	
Married	-0.00558 (0.00649)	-0.00605 (0.00593)		-0.0163 (0.0185)	-0.0179 (0.0170)		-0.0114 (0.0127)	-0.0114 (0.0106)	
Parent	0.00252 (0.00501)	-0.00276 (0.00472)		0.00776 (0.0152)	-0.00841 (0.0144)		0.00563 (0.0112)	-0.00547 (0.00916)	
Education level	-0.00388 (0.00258)	-0.00233 (0.00204)		-0.0118* (0.00653)	-0.00720 (0.00555)		-0.00853* (0.00474)	-0.00473 (0.00365)	
Female	-0.00525 (0.00525)	-0.00109 (0.00435)		-0.0162 (0.0159)	-0.00336 (0.0135)		-0.0118 (0.0115)	-0.00221 (0.00887)	
Frequency of vote in national elections	-0.00696** (0.00300)	-0.00810*** (0.00265)		-0.0212** (0.00883)	-0.0250*** (0.00719)		-0.0153** (0.00677)	-0.0164*** (0.00519)	
Income	5.50e-08 (6.34e-08)	7.07e-08 (5.03e-08)		1.68e-07 (1.87e-07)	2.18e-07 (1.48e-07)		1.21e-07 (1.37e-07)	1.43e-07 (9.91e-08)	
Urban	-0.00164 (0.00413)	-0.00568 (0.00367)		-0.00499 (0.0130)	-0.0176 (0.0113)		-0.00359 (0.00934)	-0.0115 (0.00758)	
Observations	351	469	500	351	469	500	351	469	500

Note: Table reports the marginal effects of an ordered probit regression. Heteroscedasticity-robust standard errors are in parentheses. Subcolumns (1), (2), and (3) indicate the specific model that was used: limited, more limited, and simple linear, respectively. *** p<0.01, ** p<0.05, * p<0.1.

TABLE C3. (Continued)

Factors That Correlate with the Odds of Answering . . .											
3: Moderate Involvement			4			5			6: Significant Involvement		
(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
-0.0185 (0.0164)	-0.0240* (0.0141)	-0.0340*** (0.0118)	0.0200 (0.0188)	0.0205 (0.0129)	0.0314*** (0.0113)	0.0210 (0.0191)	0.0253 (0.0154)	0.0387*** (0.0136)	0.0148 (0.0130)	0.0261* (0.0152)	0.0469*** (0.0153)
-0.0144 (0.0121)			0.0147 (0.0117)			0.0158 (0.0131)			0.0114 (0.00890)		
-0.0340*** (0.0117)			0.0345*** (0.0117)			0.0372*** (0.0128)			0.0267*** (0.00941)		
-6.87e-07 (2.60e-06)			6.97e-07 (2.64e-06)			7.52e-07 (2.86e-06)			5.40e-07 (2.04e-06)		
-9.02e-09 (4.41e-08)			9.15e-09 (4.45e-08)			9.88e-09 (4.81e-08)			7.09e-09 (3.49e-08)		
1.50e-07 (1.25e-07)			-1.52e-07 (1.28e-07)			-1.64e-07 (1.40e-07)			-1.18e-07 (9.74e-08)		
0.00267*** (0.000995)	0.00286*** (0.000839)		-0.00271*** (0.000939)	-0.00226*** (0.000627)		-0.00292*** (0.00101)	-0.00289*** (0.000787)		-0.00210*** (0.000771)	-0.00304*** (0.000805)	
0.0117 (0.0686)	0.0224 (0.0403)		-0.113 (0.109)	-0.0844 (0.0885)		-0.0792 (0.0527)	-0.0719 (0.0549)		-0.0421** (0.0210)	-0.0566* (0.0317)	
0.00557 (0.0248)	-0.00735 (0.0283)		-0.00600 (0.0283)	0.00540 (0.0192)		-0.00630 (0.0290)	0.00716 (0.0265)		-0.00444 (0.0200)	0.00771 (0.0293)	
0.0165 (0.0298)	-0.00835 (0.0386)		-0.0216 (0.0519)	0.00599 (0.0250)		-0.0209 (0.0454)	0.00804 (0.0354)		-0.0139 (0.0278)	0.00872 (0.0399)	
0.0254 (0.0189)	0.0288*** (0.00992)		-0.0453 (0.0810)	-0.0600 (0.0641)		-0.0395 (0.0576)	-0.0558 (0.0452)		-0.0244 (0.0312)	-0.0468 (0.0308)	
0.00399 (0.0261)	-0.0249 (0.0298)		-0.00423 (0.0290)	0.0155 (0.0144)		-0.00447 (0.0300)	0.0225 (0.0244)		-0.00317 (0.0210)	0.0257 (0.0296)	
-0.104 (0.122)	-0.0605 (0.0799)		0.0426*** (0.0123)	0.0256* (0.0151)		0.0815 (0.0770)	0.0470 (0.0503)		0.0832 (0.110)	0.0617 (0.0834)	
0.0230* (0.0137)	-0.0145 (0.0571)		-0.0372 (0.0347)	-0.130*** (0.0497)		-0.0334 (0.0269)	-0.0959*** (0.0252)		-0.0211 (0.0160)	-0.0683*** (0.0145)	
-0.0156 (0.0159)	-0.0168 (0.0140)		0.0180 (0.0203)	0.0153 (0.0147)		0.0183 (0.0198)	0.0184 (0.0166)		0.0127 (0.0130)	0.0185 (0.0159)	
0.00867 (0.0175)	-0.00858 (0.0142)		-0.00848 (0.0165)	0.00711 (0.0122)		-0.00932 (0.0184)	0.00890 (0.0150)		-0.00678 (0.0138)	0.00921 (0.0152)	
-0.0128* (0.00739)	-0.00763 (0.00596)		0.0130* (0.00716)	0.00605 (0.00474)		0.0140* (0.00779)	0.00773 (0.00602)		0.0101* (0.00591)	0.00811 (0.00630)	
-0.0184 (0.0184)	-0.00360 (0.0145)		0.0177 (0.0171)	0.00282 (0.0113)		0.0196 (0.0193)	0.00362 (0.0145)		0.0144 (0.0144)	0.00382 (0.0154)	
-0.0229** (0.0101)	-0.0265*** (0.00854)		0.0233** (0.00955)	0.0210*** (0.00595)		0.0251** (0.0104)	0.0268*** (0.00773)		0.0180** (0.00781)	0.0282*** (0.00849)	
1.81e-07 (2.00e-07)	2.31e-07 (1.54e-07)		-1.84e-07 (2.04e-07)	-1.83e-07 (1.25e-07)		-1.98e-07 (2.21e-07)	-2.34e-07 (1.58e-07)		-1.42e-07 (1.60e-07)	-2.46e-07 (1.63e-07)	
-0.00539 (0.0141)	-0.0186 (0.0125)		0.00547 (0.0143)	0.0147 (0.00961)		0.00590 (0.0154)	0.0188 (0.0123)		0.00424 (0.0109)	0.0198 (0.0127)	
351	469	500	351	469	500	351	469	500	351	469	500

TABLE C4. WHAT LEVEL OF INVOLVEMENT SHOULD THE GOVERNMENT HAVE IN ECONOMIC MATTERS?

	Factors That Correlate with the Odds of Answering . . .								
	0: No involvement			1			2		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Own firm dependent on privileges	-0.000812* (0.000453)	-0.00107** (0.000416)	-0.00164*** (0.000465)	-0.00245* (0.00146)	-0.00330*** (0.00127)	-0.00430*** (0.00124)	-0.00177 (0.00110)	-0.00219** (0.000893)	-0.00292*** (0.000898)
Authority within firm				-0.0122 (0.0103)			-0.00888 (0.00769)		
Growth of firm				-0.0299*** (0.0114)			-0.0217*** (0.00789)		
Number of firm employees				-2.57e-07 (2.41e-06)			-1.86e-07 (1.75e-06)		
Firm revenue (\$10,000)				-1.12e-08 (4.15e-08)			-8.14e-09 (3.03e-08)		
Industry regulations				4.32e-08 (4.48e-08)	1.30e-07 (1.14e-07)		9.45e-08 (8.50e-08)		
Age	0.000804** (0.000334)	0.000817*** (0.000301)		0.00242*** (0.000867)	0.00251*** (0.000720)		0.00176*** (0.000651)	0.00167*** (0.000496)	
American Indian	0.0605 (0.0958)	0.0500 (0.0790)		0.115 (0.127)	0.102 (0.117)		0.0589 (0.0417)	0.0504 (0.0396)	
Asian	0.00325 (0.00934)	2.06e-05 (0.00776)		0.00949 (0.0256)	6.34e-05 (0.0239)		0.00672 (0.0178)	4.21e-05 (0.0158)	
Black	0.00746 (0.0192)	-0.000955 (0.0100)		0.0207 (0.0490)	-0.00297 (0.0315)		0.0141 (0.0314)	-0.00199 (0.0213)	
Hawaiian	0.0190 (0.0309)	0.0359 (0.0364)		0.0473 (0.0640)	0.0804 (0.0616)		0.0297 (0.0356)	0.0422 (0.0260)	
Hispanic	0.00110 (0.00874)	-0.00524 (0.00565)		0.00329 (0.0257)	-0.0171 (0.0189)		0.00236 (0.0183)	-0.0119 (0.0138)	
Two races	-0.0140** (0.00688)	-0.0117* (0.00709)		-0.0539* (0.0289)	-0.0435 (0.0297)		-0.0478 (0.0315)	-0.0334 (0.0263)	
Prefer not to respond on race	0.0136 (0.0141)	0.0973 (0.0672)		0.0355 (0.0295)	0.157** (0.0641)		0.0230 (0.0179)	0.0640*** (0.0157)	
Married	-0.00463 (0.00638)	-0.00521 (0.00577)		-0.0135 (0.0181)	-0.0154 (0.0166)		-0.00955 (0.0126)	-0.00998 (0.0106)	
Parent	0.00333 (0.00508)	-0.00131 (0.00468)		0.0102 (0.0151)	-0.00402 (0.0143)		0.00745 (0.0114)	-0.00266 (0.00935)	
Education level	-0.00406 (0.00263)	-0.00270 (0.00204)		-0.0122* (0.00646)	-0.00830 (0.00530)		-0.00887* (0.00471)	-0.00551 (0.00353)	
Female	-0.00536 (0.00520)	-0.00164 (0.00429)		-0.0164 (0.0154)	-0.00506 (0.0132)		-0.0120 (0.0112)	-0.00338 (0.00882)	
Frequency of vote in national elections	-0.00693** (0.00296)	-0.00793*** (0.00259)		-0.0209** (0.00866)	-0.0244*** (0.00694)		-0.0151** (0.00674)	-0.0162*** (0.00515)	
Income	5.04e-08 (6.40e-08)	7.14e-08 (5.05e-08)		1.52e-07 (1.87e-07)	2.20e-07 (1.46e-07)		1.10e-07 (1.37e-07)	1.46e-07 (9.90e-08)	
Urban	-0.000798 (0.00413)	-0.00435 (0.00354)		-0.00240 (0.0126)	-0.0134 (0.0110)		-0.00174 (0.00916)	-0.00889 (0.00738)	
Observations	351	469	500	351	469	500	351	469	500

Note: Table reports the marginal effects of an ordered probit regression. Heteroscedasticity-robust standard errors are in parentheses. Subcolumns (1), (2), and (3) indicate the specific model that was used: limited, more limited, and simple linear, respectively.*** p<0.01, ** p<0.05, * p<0.1.

TABLE C4. (Continued)

Factors That Correlate with the Odds of Answering . . .											
3: Moderate Involvement			4			5			6: Significant Involvement		
(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
-0.00271 (0.00172)	-0.00362** (0.00149)	-0.00427*** (0.00138)	0.00275 (0.00168)	0.00288** (0.00116)	0.00347*** (0.00106)	0.00293 (0.00180)	0.00362** (0.00146)	0.00441*** (0.00135)	0.00206* (0.00117)	0.00368*** (0.00130)	0.00526*** (0.00134)
-0.0135 (0.0123)			0.0138 (0.0120)			0.0146 (0.0131)			0.0103 (0.00887)		
-0.0331*** (0.0117)			0.0336*** (0.0119)			0.0357*** (0.0128)			0.0252*** (0.00951)		
-2.84e-07 (2.67e-06)			2.88e-07 (2.72e-06)			3.07e-07 (2.89e-06)			2.16e-07 (2.04e-06)		
-1.24e-08 (4.63e-08)			1.26e-08 (4.66e-08)			1.34e-08 (4.97e-08)			9.47e-09 (3.55e-08)		
1.44e-07 (1.28e-07)			-1.47e-07 (1.31e-07)			-1.56e-07 (1.41e-07)			-1.10e-07 (9.73e-08)		
0.00268*** (0.00101)	0.00276*** (0.000833)		-0.00272*** (0.000956)	-0.00219*** (0.000634)		-0.00290*** (0.00101)	-0.00276*** (0.000775)		-0.00204*** (0.000767)	-0.00281*** (0.000798)	
0.00928 (0.0786)	0.0213 (0.0505)		-0.120 (0.114)	-0.0918 (0.0979)		-0.0813 (0.0528)	-0.0754 (0.0575)		-0.0422** (0.0204)	-0.0569* (0.0313)	
0.00951 (0.0233)	6.96e-05 (0.0262)		-0.0107 (0.0289)	-5.54e-05 (0.0208)		-0.0109 (0.0283)	-6.96e-05 (0.0262)		-0.00740 (0.0186)	-7.08e-05 (0.0266)	
0.0176 (0.0307)	-0.00338 (0.0369)		-0.0234 (0.0552)	0.00258 (0.0271)		-0.0221 (0.0470)	0.00331 (0.0355)		-0.0144 (0.0279)	0.00341 (0.0372)	
0.0271** (0.0128)	0.0284* (0.0153)		-0.0527 (0.0697)	-0.0727 (0.0547)		-0.0441 (0.0466)	-0.0637* (0.0353)		-0.0264 (0.0243)	-0.0504** (0.0226)	
0.00351 (0.0264)	-0.0223 (0.0290)		-0.00370 (0.0290)	0.0143 (0.0150)		-0.00387 (0.0297)	0.0201 (0.0241)		-0.00269 (0.0205)	0.0221 (0.0279)	
-0.128 (0.128)	-0.0820 (0.0877)		0.0437*** (0.0132)	0.0290*** (0.00898)		0.0962 (0.0751)	0.0599 (0.0501)		0.104 (0.123)	0.0817 (0.0927)	
0.0240* (0.0129)	-0.0172 (0.0593)		-0.0398 (0.0332)	-0.136*** (0.0497)		-0.0349 (0.0250)	-0.0975*** (0.0243)		-0.0215 (0.0147)	-0.0670*** (0.0142)	
-0.0135 (0.0166)	-0.0152 (0.0147)		0.0152 (0.0204)	0.0137 (0.0149)		0.0154 (0.0199)	0.0162 (0.0168)		0.0105 (0.0131)	0.0159 (0.0158)	
0.0118 (0.0183)	-0.00433 (0.0151)		-0.0114 (0.0169)	0.00352 (0.0125)		-0.0124 (0.0188)	0.00437 (0.0155)		-0.00890 (0.0140)	0.00442 (0.0155)	
-0.0135* (0.00746)	-0.00910 (0.00589)		0.0138* (0.00724)	0.00724 (0.00470)		0.0146* (0.00778)	0.00910 (0.00588)		0.0103* (0.00582)	0.00927 (0.00599)	
-0.0190 (0.0184)	-0.00564 (0.0148)		0.0183 (0.0170)	0.00441 (0.0115)		0.0200 (0.0190)	0.00559 (0.0146)		0.0144 (0.0139)	0.00573 (0.0150)	
-0.0231** (0.0103)	-0.0268*** (0.00871)		0.0235** (0.00968)	0.0213*** (0.00607)		0.0250** (0.0103)	0.0268*** (0.00773)		0.0176** (0.00768)	0.0272*** (0.00820)	
1.68e-07 (2.05e-07)	2.41e-07 (1.58e-07)		-1.71e-07 (2.09e-07)	-1.92e-07 (1.28e-07)		-1.82e-07 (2.22e-07)	-2.41e-07 (1.59e-07)		-1.28e-07 (1.58e-07)	-2.45e-07 (1.60e-07)	
-0.00266 (0.0140)	-0.0147 (0.0124)		0.00270 (0.0142)	0.0117 (0.00964)		0.00287 (0.0151)	0.0147 (0.0121)		0.00203 (0.0106)	0.0149 (0.0123)	
351	469	500	351	469	500	351	469	500	351	469	500

TABLE C5. SHOULD GOVERNMENT FAVOR SPECIFIC FIRMS OR BUSINESSES?

	Factors That Correlate with the Odds of Answering Yes		
	(1)	(2)	(3)
Own firm any privilege	0.176*** (0.0538)	0.208*** (0.0522)	0.226*** (0.0407)
Authority within firm	0.0648 (0.0420)	0.0819** (0.0409)	
Growth of firm	0.0431 (0.0381)	0.0537 (0.0365)	
Number of firm employees	2.32e-06 (1.11e-05)	1.88e-07 (1.08e-05)	
Firm revenue (\$10,000)	-4.46e-07*** (1.54e-07)	-3.56e-07** (1.43e-07)	
Industry regulations	-1.38e-07 (3.90e-07)	-1.21e-07 (3.88e-07)	
Belief that the federal government is doing too much	0.00538 (0.0143)		
Democrat	-0.0206 (0.0571)		
Trust in the federal government	0.120*** (0.0290)		
Age	-0.00285 (0.00280)	-0.00483* (0.00275)	
American Indian	0.123 (0.268)	0.0685 (0.254)	
Asian	0.0771 (0.105)	0.0266 (0.0945)	
Black	0.214 (0.177)	0.169 (0.180)	
Hawaiian	-0.166* (0.0995)	-0.150 (0.133)	
Hispanic	-0.0205 (0.0855)	-0.0439 (0.0849)	
Two races	0.183 (0.336)	0.152 (0.310)	
Prefer not to respond on race	0.0738 (0.0617)	0.0796 (0.0625)	
Married	-0.0200 (0.0610)	0.0101 (0.0578)	
Parent	-0.0152 (0.0240)	-0.000455 (0.0226)	
Education level	0.0209 (0.0594)	0.0300 (0.0595)	
Female	-0.0119 (0.0292)	-0.0261 (0.0277)	
Frequency of vote in national elections	4.37e-07 (6.28e-07)	3.96e-07 (5.93e-07)	
Income	0.0280 (0.0424)	0.0381 (0.0419)	
Urban	345	350	500
Observations	346	350	500

Note: Table reports the marginal effects of a probit regression. Heteroscedasticity-robust standard errors are in parentheses. Subcolumns (1), (2), and (3) indicate the specific model that was used: full, limited, and simple linear, respectively. *** p<0.01, ** p<0.05, * p<0.1.

TABLE C6. SHOULD GOVERNMENT FAVOR SPECIFIC FIRMS OR BUSINESSES?

	Factors That Correlate with the Odds of Answering Yes		
	(1)	(2)	(3)
Own firm dependent on privileges	0.0130*** (0.00452)	0.0151*** (0.00434)	0.0189*** (0.00349)
Authority within firm	0.0604 (0.0402)	0.0787** (0.0401)	
Growth of firm	0.0468 (0.0374)	0.0545 (0.0366)	
Number of firm employees	1.69e-06 (1.18e-05)	3.12e-07 (1.10e-05)	
Firm revenue (\$10,000)	-4.27e-07*** (1.56e-07)	-3.48e-07** (1.42e-07)	
Industry regulations	-1.01e-07 (3.95e-07)	-5.18e-08 (3.96e-07)	
Belief that the federal government is doing too much	0.0182 (0.0221)		
Democrat	-0.0112 (0.0579)		
Trust in the federal government	0.126*** (0.0277)		
Age	-0.00302 (0.00277)	-0.00567** (0.00275)	
American Indian	0.0904 (0.259)	0.0563 (0.245)	
Asian	0.0287 (0.0959)	0.00781 (0.0901)	
Black	0.228 (0.171)	0.169 (0.179)	
Hawaiian	-0.176 (0.108)	-0.163 (0.138)	
Hispanic	-0.0116 (0.0906)	-0.0290 (0.0887)	
Two races	0.300 (0.335)	0.275 (0.310)	
Prefer not to respond on race			
Married	0.0664 (0.0643)	0.0572 (0.0647)	
Parent	-0.0486 (0.0622)	-0.00344 (0.0590)	
Education level	-0.00925 (0.0239)	0.00938 (0.0225)	
Female	0.0121 (0.0613)	0.0144 (0.0603)	
Frequency of vote in national elections	-0.0250 (0.0298)	-0.0315 (0.0279)	
Income	5.73e-07 (6.29e-07)	3.89e-07 (5.93e-07)	
Urban	0.0124 (0.0431)	0.0183 (0.0422)	
Observations	346	350	500

Note: Table reports the marginal effects of a probit regression. Heteroscedasticity-robust standard errors are in parentheses. The variable "Prefer not to respond on race" perfectly predicted the outcome variable and was dropped from this regression. Subcolumns (1), (2), and (3) indicate the specific model that was used: full, limited, and simple linear, respectively. *** p<0.01, ** p<0.05, * p<0.1.

TABLE C7. SHOULD GOVERNMENT FAVOR SPECIFIC FIRMS AND SHOULD MARKETS BE FREE?

	Factors That Correlate with the Odds of Answering . . .											
	0			1			2			3		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Own firm any privilege	-0.176*** (0.0519)	-0.210*** (0.0499)	-0.240*** (0.0381)	0.00182 (0.00193)	0.00191 (0.00196)	0.00193 (0.00143)	0.00616 (0.00382)	0.00646* (0.00387)	0.00588** (0.00276)	0.0157** (0.00757)	0.0164** (0.00758)	0.0155*** (0.00530)
Authority within firm	-0.0689* (0.0401)	-0.0959** (0.0390)		0.000656 (0.000773)	0.000794 (0.000895)		0.00223 (0.00174)	0.00271 (0.00183)		0.00576 (0.00386)	0.00699* (0.00387)	
Growth of firm	-0.0323 (0.0353)	-0.0444 (0.0328)		0.000307 (0.000463)	0.000368 (0.000480)		0.00104 (0.00127)	0.00125 (0.00115)		0.00270 (0.00316)	0.00323 (0.00276)	
Number of firm employees	-2.10e-06 (9.99e-06)	5.46e-07 (9.91e-06)		2.00e-08 (9.69e-08)	-4.52e-09 (8.23e-08)		6.79e-08 (3.26e-07)	-1.54e-08 (2.80e-07)		1.75e-07 (8.34e-07)	-3.98e-08 (7.23e-07)	
Firm revenue (\$10,000)	3.85e-07*** (1.47e-07)	3.03e-07** (1.40e-07)		-3.66e-09 (4.01e-09)	-2.50e-09 (2.82e-09)		-1.25e-08 (7.83e-09)	-8.54e-09 (6.02e-09)		-3.22e-08* (1.76e-08)	-2.20e-08 (1.37e-08)	
Industry regulations	2.16e-07 (3.57e-07)	1.73e-07 (3.53e-07)		-2.05e-09 (3.93e-09)	-1.43e-09 (3.09e-09)		-6.99e-09 (1.21e-08)	-4.87e-09 (1.02e-08)		-1.81e-08 (3.04e-08)	-1.26e-08 (2.60e-08)	
Belief that the federal government is doing too much	-0.0179 (0.0134)			0.000170 (0.000212)			0.000580 (0.000528)			0.00150 (0.00120)		
Democrat	0.0104 (0.0562)			-9.96e-05 (0.000555)			-0.000339 (0.00187)			-0.000873 (0.00481)		
Trust in the federal government	-0.115*** (0.0274)			0.00110 (0.00115)			0.00373* (0.00211)			0.00963** (0.00404)		
Age	0.00183 (0.00284)	0.00448 (0.00275)		-1.74e-05 (3.24e-05)	-3.71e-05 (4.43e-05)		-5.91e-05 (9.95e-05)	-0.000126 (0.000106)		-0.000153 (0.000246)	-0.000326 (0.000236)	
American Indian	-0.0283 (0.180)	0.0351 (0.146)		0.000252 (0.00153)	-0.000316 (0.00145)		0.000861 (0.00516)	-0.00107 (0.00481)		0.00224 (0.0136)	-0.00273 (0.0121)	
Asian	-0.0706 (0.103)	-0.0173 (0.0912)		0.000587 (0.000940)	0.000138 (0.000714)		0.00202 (0.00273)	0.000473 (0.00242)		0.00531 (0.00703)	0.00123 (0.00629)	
Black	0.0405 (0.0945)	0.0508 (0.0841)		-0.000420 (0.00114)	-0.000471 (0.000983)		-0.00142 (0.00359)	-0.00160 (0.00296)		-0.00362 (0.00900)	-0.00405 (0.00714)	
Hawaiian	0.175* (0.0913)	0.156 (0.130)		-0.00245 (0.00302)	-0.00184 (0.00276)		-0.00813 (0.00698)	-0.00613 (0.00738)		-0.0197 (0.0149)	-0.0150 (0.0168)	
Hispanic	0.0498 (0.0721)	0.0633 (0.0731)		-0.000520 (0.000970)	-0.000591 (0.000975)		-0.00176 (0.00274)	-0.00200 (0.00263)		-0.00447 (0.00713)	-0.00507 (0.00667)	
Two races	-0.0576 (0.250)	-0.0384 (0.228)		0.000479 (0.00185)	0.000290 (0.00159)		0.00164 (0.00664)	0.000995 (0.00564)		0.00434 (0.0169)	0.00260 (0.0144)	
Prefer not to respond on race	-0.658*** (0.0543)	-0.608*** (0.0652)		-0.00225 (0.00245)	-0.00158 (0.00184)		-0.00684 (0.00501)	-0.00467 (0.00402)		-0.0124 (0.00880)	-0.00767 (0.00754)	
Married	-0.0762 (0.0581)	-0.0901 (0.0579)		0.000794 (0.00105)	0.000833 (0.00106)		0.00268 (0.00251)	0.00282 (0.00239)		0.00683 (0.00616)	0.00716 (0.00580)	
Parent	0.00929 (0.0581)	-0.0249 (0.0540)		-8.77e-05 (0.000554)	0.000210 (0.000514)		-0.000299 (0.00186)	0.000717 (0.00164)		-0.000772 (0.00482)	0.00184 (0.00411)	
Education level	0.00105 (0.0220)	-0.0111 (0.0209)		-9.98e-06 (0.000210)	9.21e-05 (0.000194)		-3.40e-05 (0.000714)	0.000314 (0.000601)		-8.77e-05 (0.00184)	0.000810 (0.00155)	
Female	-0.00491 (0.0498)	-0.0135 (0.0508)		4.66e-05 (0.000475)	0.000111 (0.000439)		0.000159 (0.00160)	0.000379 (0.00141)		0.000410 (0.00416)	0.000978 (0.00366)	
Frequency of vote in national elections	0.00919 (0.0270)	0.0203 (0.0255)		-8.74e-05 (0.000270)	-0.000168 (0.000263)		-0.000297 (0.000878)	-0.000572 (0.000761)		-0.000768 (0.00228)	-0.00148 (0.00194)	
Income	2.27e-08 (5.42e-07)	-1.24e-08 (5.07e-07)		-2.16e-10 (5.16e-09)	1.02e-10 (4.20e-09)		-7.35e-10 (1.75e-08)	3.49e-10 (1.43e-08)		-1.90e-09 (4.53e-08)	9.00e-10 (3.69e-08)	
Urban	-0.0435 (0.0433)	-0.0538 (0.0430)		0.000413 (0.000585)	0.000445 (0.000574)		0.00141 (0.00159)	0.00152 (0.00150)		0.00363 (0.00384)	0.00391 (0.00346)	
Observations	342	347	494	342	347	494	342	347	494	342	347	494

Note: Table reports the marginal effects of an ordered probit regression. Robust standard errors are in parentheses. Subcolumns (1), (2), and (3) indicate the specific model that was used: full, limited, and simple linear, respectively. *** p<0.01, ** p<0.05, * p<0.1.

TABLE C7. (Continued)

Factors That Correlate with the Odds of Answering . . .											
4			5			6			7		
(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
0.0260** (0.0104)	0.0288*** (0.0111)	0.0302*** (0.00735)	0.0514*** (0.0177)	0.0581*** (0.0173)	0.0500*** (0.0111)	0.0646*** (0.0207)	0.0795*** (0.0209)	0.0832*** (0.0176)	0.0106** (0.00528)	0.0188** (0.00819)	0.0536*** (0.0134)
0.00978 (0.00615)	0.0126** (0.00619)		0.0200 (0.0123)	0.0263** (0.0120)		0.0261* (0.0157)	0.0375** (0.0160)		0.00440 (0.00318)	0.00905* (0.00498)	
0.00458 (0.00529)	0.00583 (0.00468)		0.00936 (0.0106)	0.0122 (0.00966)		0.0122 (0.0133)	0.0174 (0.0130)		0.00206 (0.00215)	0.00419 (0.00295)	
2.98e-07 (1.42e-06)	-7.17e-08 (1.30e-06)		6.09e-07 (2.91e-06)	-1.50e-07 (2.72e-06)		7.95e-07 (3.78e-06)	-2.13e-07 (3.88e-06)		1.34e-07 (6.43e-07)	-5.15e-08 (9.33e-07)	
-5.46e-08** (2.65e-08)	-3.97e-08* (2.26e-08)		-1.12e-07** (5.00e-08)	-8.29e-08* (4.36e-08)		-1.46e-07*** (5.50e-08)	-1.18e-07** (5.28e-08)		-2.46e-08* (1.40e-08)	-2.85e-08* (1.70e-08)	
-3.06e-08 (5.18e-08)	-2.27e-08 (4.68e-08)		-6.26e-08 (1.05e-07)	-4.73e-08 (9.84e-08)		-8.18e-08 (1.34e-07)	-6.74e-08 (1.37e-07)		-1.38e-08 (2.41e-08)	-1.63e-08 (3.45e-08)	
			0.00254 (0.00202)		0.00519 (0.00412)		0.00679 (0.00514)			0.00114 (0.000936)	
			-0.00148 (0.00807)		-0.00301 (0.0164)		-0.00391 (0.0211)			-0.000654 (0.00350)	
			0.0163*** (0.00558)		0.0334*** (0.00986)		0.0437*** (0.0124)			0.00736* (0.00386)	
			-0.000259 (0.000412)		-0.000530 (0.000832)		-0.00123 (0.000796)			-0.000117 (0.000185)	-0.000422 (0.000302)
			0.00387 (0.0239)		-0.00483 (0.0210)		0.00810 (0.0513)			-0.00980 (0.0411)	0.0110 (0.0715)
			0.00387 (0.0239)		-0.00483 (0.0210)		0.00810 (0.0513)			-0.00980 (0.0411)	0.0110 (0.0715)
			0.00931 (0.0127)		0.00223 (0.0115)		0.0200 (0.0283)			0.00470 (0.0246)	0.0282 (0.0441)
			-0.00601 (0.0148)		-0.00711 (0.0127)		-0.0119 (0.0282)			-0.0143 (0.0243)	-0.0148 (0.0334)
			-0.0303 (0.0204)		-0.0249 (0.0253)		-0.0532* (0.0290)			-0.0456 (0.0397)	-0.0547** (0.0244)
			-0.00743 (0.0115)		-0.00889 (0.0112)		-0.0147 (0.0219)			-0.0178 (0.0216)	-0.0182 (0.0249)
			0.00760 (0.0306)		0.00479 (0.0270)		0.0163 (0.0687)			0.0103 (0.0599)	0.0229 (0.104)
			-0.00642 (0.0130)		-0.000569 (0.0112)		0.0439 (0.0271)			0.0490** (0.0217)	0.314*** (0.0562)
			0.0113 (0.00979)		0.0126 (0.00956)		0.0224 (0.0178)			0.0252 (0.0174)	0.0277 (0.0205)
			-0.00131 (0.00823)		0.00331 (0.00723)		-0.00269 (0.0169)			0.00686 (0.0149)	-0.00353 (0.0221)
			-0.000149 (0.00313)		0.00146 (0.00270)		-0.000304 (0.00638)			0.00305 (0.00570)	-0.000398 (0.00832)
			0.000696 (0.00705)		0.00177 (0.00660)		0.00142 (0.0145)			0.00370 (0.0139)	0.00186 (0.0189)
			-0.00130 (0.00387)		-0.00266 (0.00345)		-0.00266 (0.00780)			-0.00556 (0.00710)	-0.00348 (0.0102)
			-3.22e-09 (7.69e-08)		1.62e-09 (6.66e-08)		-6.58e-09 (1.57e-07)			3.39e-09 (1.39e-07)	-8.60e-09 (2.05e-07)
			0.00616 (0.00628)		0.00706 (0.00605)		0.0126 (0.0127)			0.0147 (0.0122)	0.0165 (0.0168)
342	347	494	342	347	494	342	347	494	342	347	494

TABLE C8. SHOULD GOVERNMENT FAVOR SPECIFIC FIRMS AND SHOULD MARKETS BE FREE?

	Factors That Correlate with the Odds of Answering . . .											
	0			1			2			3		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Own firm dependent on privileges	-0.0156*** (0.00408)	-0.0171*** (0.00400)	-0.0205*** (0.00327)	0.000145 (0.000151)	0.000137 (0.000140)	0.000148 (0.000112)	0.000495* (0.000275)	0.000470* (0.000256)	0.000458** (0.000206)	0.00129** (0.000588)	0.00123** (0.000532)	0.00124*** (0.000426)
Authority within firm	-0.0644* (0.0391)	-0.0917** (0.0382)		0.000595 (0.000704)	0.000733 (0.000823)		0.00204 (0.00161)	0.00252 (0.00168)		0.00532 (0.00367)	0.00656* (0.00367)	
Growth of firm	-0.0248 (0.0359)	-0.0382 (0.0336)		0.000229 (0.000407)	0.000305 (0.000425)		0.000784 (0.00122)	0.00105 (0.00110)		0.00205 (0.00310)	0.00273 (0.00270)	
Number of firm employees	-1.73e-06 (1.02e-05)	7.22e-07 (1.00e-05)		1.60e-08 (9.53e-08)	-5.77e-09 (8.02e-08)		5.48e-08 (3.26e-07)	-1.98e-08 (2.73e-07)		1.43e-07 (8.40e-07)	-5.17e-08 (7.16e-07)	
Firm revenue (\$10,000)	3.70e-07*** (1.42e-07)	2.99e-07** (1.38e-07)		-3.41e-09 (3.73e-09)	-2.39e-09 (2.67e-09)		-1.17e-08 (7.31e-09)	-8.20e-09 (5.72e-09)		-3.05e-08* (1.65e-08)	-2.14e-08 (1.31e-08)	
Industry regulations	1.43e-07 (3.63e-07)	9.08e-08 (3.64e-07)		-1.32e-09 (3.59e-09)	-7.26e-10 (2.93e-09)		-4.51e-09 (1.17e-08)	-2.49e-09 (1.01e-08)		-1.18e-08 (3.01e-08)	-6.50e-09 (2.61e-08)	
Belief that the federal government is doing too much	-0.0150 (0.0135)			0.000139 (0.000188)			0.000476 (0.000493)			0.00124 (0.00118)		
Democrat	-0.00483 (0.0566)			4.44e-05 (0.000520)			0.000152 (0.00178)			0.000397 (0.00463)		
Trust in the federal government	-0.123*** (0.0259)			0.00113 (0.00118)			0.00388* (0.00216)			0.0101** (0.00422)		
Age	0.00227 (0.00282)	0.00533* (0.00275)		-2.10e-05 (3.38e-05)	-4.26e-05 (4.87e-05)		-7.18e-05 (9.97e-05)	-0.000146 (0.000111)		-0.000187 (0.000244)	-0.000381 (0.000245)	
American Indian	-0.00678 (0.159)	0.0616 (0.123)		6.16e-05 (0.00143)	-0.000568 (0.00140)		0.000211 (0.00490)	-0.00193 (0.00442)		0.000553 (0.0128)	-0.00493 (0.0110)	
Asian	-0.0480 (0.0954)	0.00434 (0.0854)		0.000405 (0.000832)	-3.49e-05 (0.000696)		0.00139 (0.00261)	-0.000120 (0.00238)		0.00369 (0.00685)	-0.000312 (0.00620)	
Black	0.0351 (0.0838)	0.0405 (0.0884)		-0.000350 (0.000951)	-0.000354 (0.000913)		-0.00119 (0.00303)	-0.00121 (0.00287)		-0.00307 (0.00766)	-0.00311 (0.00707)	
Hawaiian	0.189* (0.0999)	0.168 (0.143)		-0.00265 (0.00332)	-0.00196 (0.00303)		-0.00882 (0.00783)	-0.00658 (0.00824)		-0.0215 (0.0169)	-0.0162 (0.0189)	
Hispanic	0.0394 (0.0759)	0.0460 (0.0775)		-0.000392 (0.000899)	-0.000402 (0.000847)		-0.00134 (0.00266)	-0.00137 (0.00245)		-0.00345 (0.00713)	-0.00353 (0.00648)	
Two races	-0.160 (0.274)	-0.168 (0.253)		0.000975 (0.00132)	0.000843 (0.00103)		0.00344 (0.00437)	0.00299 (0.00322)		0.00959 (0.0111)	0.00837 (0.00809)	
Prefer not to respond on race	-0.624*** (0.0617)	-0.556*** (0.0667)		-0.00179 (0.00206)	-0.000966 (0.00131)		-0.00530 (0.00466)	-0.00267 (0.00324)		-0.00857 (0.00859)	-0.00286 (0.00634)	
Married	-0.0614 (0.0607)	-0.0663 (0.0598)		0.000611 (0.000905)	0.000576 (0.000833)		0.00208 (0.00231)	0.00197 (0.00203)		0.00537 (0.00601)	0.00507 (0.00531)	
Parent	0.0321 (0.0588)	-0.00502 (0.0551)		-0.000289 (0.000598)	4.03e-05 (0.000446)		-0.000990 (0)	0.000138 (0.00153)		-0.00259 (0.00477)	0.000360 (0.00397)	
Education level	-0.00484 (0.0222)	-0.0207 (0.0208)		4.47e-05 (0.000209)	0.000165 (0.000231)		0.000153 (0.000697)	0.000567 (0.000619)		0.000400 (0.00184)	0.00148 (0.00158)	
Female	0.00317 (0.0522)	-0.00323 (0.0527)		-2.93e-05 (0.000484)	2.58e-05 (0.000422)		-0.000100 (0.00166)	8.85e-05 (0.00144)		-0.000262 (0.00432)	0.000231 (0.00376)	
Frequency of vote in national elections	0.0127 (0.0275)	0.0242 (0.0262)		-0.000117 (0.000280)	-0.000193 (0.000280)		-0.000401 (0.000881)	-0.000663 (0.000773)		-0.00105 (0.00231)	-0.00173 (0.00197)	
Income	-1.75e-08 (5.50e-07)	-6.24e-08 (5.16e-07)		1.62e-10 (5.08e-09)	4.99e-10 (4.14e-09)		5.53e-10 (1.74e-08)	1.71e-09 (1.43e-08)		1.44e-09 (4.54e-08)	4.46e-09 (3.69e-08)	
Urban	-0.0260 (0.0436)	-0.0318 (0.0436)		0.000240 (0.000469)	0.000254 (0.000433)		0.000822 (0.00145)	0.000873 (0.00131)		0.00214 (0.00366)	0.00228 (0.00320)	
Observations	342	347	494	342	347	494	342	347	494	342	347	494

Note: Table reports the marginal effects of an ordered probit regression. Robust standard errors are in parentheses. Subcolumns (1), (2), and (3) indicate the specific model that was used: full, limited, and simple linear, respectively. *** p<0.01, ** p<0.05, * p<0.1.

TABLE C8. (Continued)

Factors That Correlate with the Odds of Answering . . .											
4			5			6			7		
(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
0.00224*** (0.000813)	0.00226*** (0.000781)	0.00252*** (0.000645)	0.00466*** (0.00153)	0.00482*** (0.00149)	0.00435*** (0.00107)	0.00594*** (0.00178)	0.00675*** (0.00186)	0.00741*** (0.00161)	0.000881** (0.000439)	0.00148** (0.000681)	0.00440*** (0.00106)
0.00920 (0.00588)	0.0121** (0.00585)		0.0192 (0.0123)	0.0258** (0.0120)		0.0244 (0.0154)	0.0361** (0.0158)		0.00363 (0.00276)	0.00791* (0.00453)	
0.00354 (0.00534)	0.00503 (0.00474)		0.00739 (0.0110)	0.0107 (0.00995)		0.00940 (0.0135)	0.0150 (0.0132)		0.00140 (0.00195)	0.00329 (0.00278)	
2.48e-07 (1.46e-06)	-9.51e-08 (1.32e-06)		5.17e-07 (3.05e-06)	-2.03e-07 (2.81e-06)		6.58e-07 (3.86e-06)	-2.84e-07 (3.94e-06)		9.76e-08 (5.75e-07)	-6.23e-08 (8.62e-07)	
-5.28e-08** (2.59e-08)	-3.94e-08* (2.22e-08)		-1.10e-07** (4.95e-08)	-8.41e-08* (4.39e-08)		-1.40e-07*** (5.29e-08)	-1.18e-07** (5.23e-08)		-2.08e-08* (1.24e-08)	-2.58e-08 (1.58e-08)	
-2.04e-08 (5.24e-08)	-1.20e-08 (4.81e-08)		-4.25e-08 (1.10e-07)	-2.55e-08 (1.03e-07)		-5.41e-08 (1.36e-07)	-3.58e-08 (1.43e-07)		-8.02e-09 (2.10e-08)	-7.83e-09 (3.18e-08)	
0.00215 (0.00201)			0.00448 (0.00417)			0.00571 (0.00516)			0.000847 (0.000829)		
0.000688 (0.00805)			0.00144 (0.0169)			0.00183 (0.0216)			0.000273 (0.00324)		
0.0175*** (0.00589)			0.0366*** (0.0100)			0.0465*** (0.0118)			0.00691* (0.00363)		
-0.000324 (0.000415)	-0.000703* (0.000421)		-0.000677 (0.000848)	-0.00150* (0.000824)		-0.000861 (0.00107)	-0.00210* (0.00111)		-0.000128 (0.000167)	-0.000460 (0.000293)	
0.000960 (0.0224)	-0.00878 (0.0189)		0.00201 (0.0473)	-0.0178 (0.0359)		0.00259 (0.0612)	-0.0230 (0.0442)		0.000389 (0.00931)	-0.00455 (0.00792)	
0.00653 (0.0124)	-0.000574 (0.0114)		0.0141 (0.0275)	-0.00122 (0.0241)		0.0189 (0.0393)	-0.00170 (0.0334)		0.00301 (0.00675)	-0.000371 (0.00724)	
-0.00522 (0.0131)	-0.00561 (0.0129)		-0.0106 (0.0257)	-0.0116 (0.0259)		-0.0129 (0.0300)	-0.0154 (0.0330)		-0.00180 (0.00393)	-0.00316 (0.00635)	
-0.0334 (0.0230)	-0.0272 (0.0287)		-0.0587* (0.0323)	-0.0503 (0.0447)		-0.0576** (0.0249)	-0.0565 (0.0399)		-0.00618* (0.00351)	-0.00941 (0.00621)	
-0.00586 (0.0119)	-0.00636 (0.0114)		-0.0119 (0.0234)	-0.0132 (0.0230)		-0.0145 (0.0268)	-0.0175 (0.0283)		-0.00203 (0.00382)	-0.00360 (0.00593)	
0.0183 (0.0241)	0.0172 (0.0190)		0.0440 (0.0683)	0.0426 (0.0564)		0.0696 (0.134)	0.0744 (0.123)		0.0139 (0.0345)	0.0218 (0.0465)	
0.000305 (0.0129)	0.00745 (0.00971)		0.0606** (0.0256)	0.0648*** (0.0194)		0.327*** (0.0573)	0.273*** (0.0570)		0.251*** (0.0924)	0.217*** (0.0691)	
0.00912 (0.00985)	0.00914 (0.00913)		0.0185 (0.0188)	0.0189 (0.0178)		0.0225 (0.0217)	0.0253 (0.0223)		0.00316 (0.00319)	0.00524 (0.00466)	
-0.00452 (0.00841)	0.000663 (0.00728)		-0.00952 (0.0176)	0.00141 (0.0155)		-0.0123 (0.0226)	0.00198 (0.0217)		-0.00186 (0.00370)	0.000431 (0.00469)	
0.000692 (0.00315)	0.00273 (0.00269)		0.00144 (0.00660)	0.00582 (0.00584)		0.00184 (0.00848)	0.00815 (0.00851)		0.000273 (0.00126)	0.00178 (0.00201)	
-0.000453 (0.00747)	0.000426 (0.00692)		-0.000945 (0.0155)	0.000909 (0.0148)		-0.00120 (0.0198)	0.00127 (0.0208)		-0.000178 (0.00294)	0.000279 (0.00456)	
-0.00181 (0.00399)	-0.00318 (0.00358)		-0.00378 (0.00816)	-0.00680 (0.00748)		-0.00481 (0.0105)	-0.00952 (0.0104)		-0.000714 (0.00158)	-0.00208 (0.00240)	
2.50e-09 (7.85e-08)	8.22e-09 (6.81e-08)		5.21e-09 (1.64e-07)	1.76e-08 (1.45e-07)		6.63e-09 (2.09e-07)	2.46e-08 (2.03e-07)		9.85e-10 (3.10e-08)	5.38e-09 (4.44e-08)	
0.00371 (0.00629)	0.00419 (0.00590)		0.00774 (0.0130)	0.00895 (0.0124)		0.00985 (0.0167)	0.0125 (0.0173)		0.00146 (0.00253)	0.00274 (0.00378)	
342	347	494	342	347	494	342	347	494	342	347	494

APPENDIX D. THE SURVEY INSTRUMENT

INTRODUCTION AND SCREENERS

Welcome!

Hanover Research is conducting a study on general thoughts towards current events in the U.S. Any information you provide is confidential and will only be reported in aggregate. Please answer as honestly and completely as possible. Hanover Research is an independent market research firm based in Washington, D.C., and is in no way affiliated with any other entity or organization.

The survey should take approximately 10–15 minutes to complete. Please click on the arrow below to begin the survey.

We appreciate your time and feedback.

Please click on this link to read important information about the study.

Q1 What is your age?

Open-ended response—Terminate if under 18 years of age

Q2 What is your gender?

- Male
- Female

- Non-binary
- Other (please specify): _____

Q3 In what state do you currently reside?

- Alabama
- ...
- Wyoming
- I do not reside in the US **Terminate**

Q4 Which of the following items do you personally own? Please select all that apply.

Options randomized

- Automobile (Car or truck)
- Bicycle
- Dishwasher
- Washer and/or dryer
- Remote-controlled drone
- Laptop
- Desktop computer
- Video game console (Xbox, PlayStation, etc.)
- Outdoor grill
- Convertible sofa bed

- Tanning bed
- Segway
- None of the above **Exclusive**

Note: Respondent screened for quality concerns if he or she selects every item in the list

Q5 What is your current employment status?

- Employed full-time **Terminate if not selected**
- Employed part-time
- Self-employed
- Unemployed
- A stay-at-home parent/caregiver
- A student
- Retired
- Unable to work
- Prefer not to respond

Q6 What industry are you currently employed in?

- Accommodation and food services
- Administrative and support and waste management and remediation services
- Agriculture, forestry, fishing, and hunting
- Arts, entertainment, and recreation
- Construction
- Educational services
- Finance and insurance
- Healthcare and social assistance
- Information

- Management of companies and enterprises
- Manufacturing
- Mining, quarrying, oil and gas extraction
- Professional, scientific, and technical services
- Public administration
- Real estate, rental, and leasing
- Retail trade
- Transportation and warehousing
- Utilities
- Wholesale trade
- Other

Q7 Which of the following most closely describes your job function?

- Associate/Specialist
- Manager
- Director
- Vice-president
- C-level executive
- Other, please specify:

Q8 How many employees does your business/firm employ?

- 1-4
- 5-9
- 10-19
- 20-49
- 50-99
- 100-249

- 250–499
- 500–999
- 1,000–2,499
- 2,500–4,999
- 5,000–9,999
- 10,000 employees
- I don't know **Terminate**

Q9 Which of the following best describes your business/firm's annual revenue?

- Less than \$1 Million
- \$1 Million to \$4.9 Million
- \$5 Million to \$9.9 Million
- \$10 Million to \$49.9 Million
- \$50 Million to \$99.9 Million
- \$100 Million to \$499.9 Million
- \$500 Million to \$999.9 Million
- \$1 Billion to \$4.9 Billion
- \$5 Billion to \$9.9 Billion
- \$10 Billion or more
- I don't know **Terminate**

Q10 Which of the following best describes your role in your business/firm's financial or strategic decisions?

- I am the primary decision maker
- I share the decision-making authority
- I participate by giving input/feedback, but have no decision-making authority
- I do not at all participate in my business/firm's financial or strategic decisions **Terminate**

BUSINESS CHARACTERISTICS

Q11 Which of the following best describes your business/firm's current development?

- Our business/firm is significantly growing
- Our business/firm is growing
- Our business firm is not growing or shrinking
- Our business is shrinking
- Our business/firm is significantly shrinking

Q12 To the best of your knowledge, does the industry you work in (not necessarily your particular business/firm) currently benefit from any of the following government assistance?

Please only think about the industry you work in and not your business/firm.

Options randomized

	Yes	No	I Don't Know
Direct loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Loan guarantees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Subsidies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bailouts (or the expectation thereof)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory barriers to competition (e.g., licensing)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax breaks or privileges such as tax credits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tariffs or quotas on foreign competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government-created monopoly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other assistance (please specify)—if not, please select "No"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q13 To the best of your knowledge, does your business/firm currently benefit from any of the following government assistance?

Options randomized

	Yes	No	I Don't Know
Direct loans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Loan guarantees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Subsidies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bailouts (or the expectation thereof)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory barriers to competition (e.g., licensing)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax breaks or privileges such as tax credits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tariffs or quotas on foreign competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government-created monopoly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other assistance (please specify)—if not, please select "No"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q14 Do you believe that your industry, including your business/firm, needs these forms of assistance from the government?

Options randomized

	Yes	No
Displays "Yes" responses from Q12 and Q13	<input type="radio"/>	<input type="radio"/>

Q15 To what degree would your business/firm be negatively affected without these forms of assistance from the government if other businesses/firms in the same industry also did not receive the same forms of assistance?

Options randomized

	Very Little/No Effect	Somewhat Affected	Moderately Affected	Very Affected	Extremely Affected/Business at Risk
Displays "Yes" responses from Q12 and Q13	<input type="radio"/>				

Q16 Please rank the following in terms of importance when it comes to the success of your business/firm.

Please rank "1" as the most important, "2" as the second-most important, and so on.

- _____ Customer focus
- _____ Hard work
- _____ Knowledge of influential policymakers
- _____ Government assistance
- _____ A unique business model

MARKET TRUST

The following section asks questions about your views of the U.S. economy.

Q17 How would you rate your overall confidence in the U.S. economy?

- Not at all Confident
- Somewhat Confident
- Moderately Confident
- Very Confident
- Extremely Confident

Q18 To what extent has your confidence in the U.S. economy increased or decreased over the past decade?

- Significantly Decreased
- Somewhat Decreased
- Has not changed
- Somewhat Increased
- Significantly Increased

Q19 To what extent do you agree with the following statement?

The freer a market is, the more likely it is to serve the general public.

- Completely Disagree
- Somewhat Disagree
- Neither Agree nor Disagree
- Somewhat Agree
- Completely Agree

Q20 In your opinion, is the current U.S. market not free enough or too free?

- 1 - Not free enough
- 2
- 3
- 4 - About Right
- 5
- 6
- 7 - Too Free
- No Opinion

Q21 Please indicate your agreement with the following statement:

A market . . .

- 1 - Should be heavily regulated
- 2
- 3
- 4 - Should be somewhat regulated
- 5
- 6

- 7 - Should be totally free
- No opinion

Q22 What is your overall stance on government intervention in markets?

- Strongly Oppose
- Somewhat Oppose
- Neither Oppose nor Support
- Somewhat Support
- Strongly Support

Q23 Please indicate your agreement with the following:

Government intervention in markets . . .

Options randomized

	Strongly Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Strongly Agree
Creates more problems than it corrects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Solves more problems than it creates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is a way to prevent the market from collapsing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creates a sense of fairness among industries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Encourages risk-taking among industries/businesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Note: Respondents screened for quality concerns if they select the same option for every item in the list.

Q24 How much do you agree or disagree that government regulations should do the following?

Options randomized

	Strongly Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Strongly Agree
Benefit consumers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benefit industries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benefit the economy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Harm consumers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Harm industries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Harm the economy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Note: Respondents screened for quality concerns if they select the same option for every item in the list.

Q25 How much do you agree or disagree that government regulations actually do the following?

Options randomized

	Strongly Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Strongly Agree
Benefit consumers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benefit industries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benefit the economy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Harm consumers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Harm industries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Harm the economy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Note: Respondents screened for quality concerns if they select the same option for every item in the list.

Q26 What is your opinion on the following characteristic when it comes to competition in the U.S. market?

Please select the point on the scale you feel is most appropriate.

Competition should have more government control Competition should have less government control

Q27 Please indicate how much you agree or disagree with the following:

In actuality, competition in the U.S. . . .

Options randomized

	Strongly Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Strongly Agree
Serves the consumer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Serves the industry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is unfair to the consumer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is unfair to industries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is largely limited by the government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is largely encouraged by the government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lowers the cost of goods and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creates more jobs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increases the quality of goods and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increases the quality and safety of work environments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Note: Respondents screened for quality concerns if they select the same option for every item in the list.

Q28 What is your overall stance on government assistance to firms or industries?

- Strongly Oppose
- Somewhat Oppose
- Neither Oppose nor Support
- Somewhat Support
- Strongly Support

Q29 How would you describe the impact of government assistance to firms or industries on the U.S. economy?

- Very Negative
- Negative
- Neither Negative nor Positive
- Positive
- Very Positive

Q30 In your opinion, how has the U.S. economy changed in serving the needs of the following over the course of your lifetime?

	Much Worse	Somewhat Worse	About the Same	Somewhat Better	Much Better	No Opinion
The average citizen	<input type="radio"/>					
Industries	<input type="radio"/>					

TRUST IN GOVERNMENT

The following section contains questions pertaining to your perceptions of and beliefs about governments in the U.S.

Q31 Overall, how much trust do you place in the . . . ?

	None at All	A Little	A Moderate Amount	A Lot	A Great Deal
U.S. Government (Federal)	<input type="radio"/>				
Your State Government (PIPE IN STATE)	<input type="radio"/>				
Your Local Government (County/City)	<input type="radio"/>				

Q32 How would you describe your overall confidence in the governments in the U.S.?

- Not at all Confident
- Slightly Confident
- Moderately Confident
- Very Confident
- Extremely Confident

Q33 To what extent has your faith in the following government bodies increased or decreased over the past decade?

	Significantly Decreased	Somewhat Decreased	Has Not Changed	Somewhat Increased	Significantly Increased
U.S. Government (Federal)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your State Government (PIPE IN STATE)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your Local Government (County/City)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q34 Please select the response that best represents your opinion to the following statement:

Overall, I believe the federal government is . . .

- 1 - Doing too little
- 2
- 3
- 4 - Doing the right amount
- 5
- 6
- 7 - Doing too much
- I don't know

Q35 What level of involvement should the government have in the following?

	1 - No Involvement	2	3	4 - Moderate Involvement	5	6	7 - Significant Involvement
Economic matters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social and cultural matters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q36 How would you rate the U.S. federal government's current involvement in the following?

	1 - No Involvement	2	3	4 - Moderate Involvement	5	6	7 - Significant Involvement	I Don't Know
Economic matters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social and cultural matters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q37 Which of the following do you believe government policies ultimately serve? Please select all that apply. Options randomized

- Large firms
- Small firms
- The general public
- Consumers
- Special interests
- The economy at large
- None of these **Exclusive**

Display if more than one selection is made in Q37. Respondents will only see selections below they made in Q37.

Q38 And of the following that you believe government policies serve, please rank the following you think are served by the government the most to least. Please rank "1" as being the most served, "2" being the second-most served, and so on.

- _____ Large firms
- _____ Small firms
- _____ The general public
- _____ Consumers
- _____ Special interests
- _____ The economy at large

Q39 In your opinion, which position(s), or policy stance(s), should governments in the U.S. take? Please select all that apply

If you're unsure what these positions mean, hover your mouse over the name of the position to see a description.

- Pro-business (e.g., **Government should be involved with aiding businesses/industries through subsidies, tax breaks, or other advantages**)
- Pro-market (e.g., **Ensuring fair competition between businesses/industries with the absence of regulations, subsidies, or incentives**)
- Pro-consumer (e.g., **Ensuring the protection of consumers through laws and regulations**)
- Other (please specify)

I don't know **Exclusive**

Q40 Which of the following describes your belief regarding current relationships between government and businesses or industries? Please select all that apply.

- The government selectively aids particular industries or firms
- The government treats all firms and industries the same
- The government selectively hurts particular industries or firms
- The government aids some industries or firms while also hurting others

Display if Q40 = "The government aids some industries or firms while also hurting others"

Q41 You indicated that you believe the government aids some industries or firms while also hurting others. To what degree do you believe this harm to other industries is intentional?

- 1 - Not at all Intentional
- 2

- 3
- 4 - Moderately Intentional
- 5
- 6
- 7 - Very Intentional

Display if Q40 ≠ "The government treats all firms and industries the same"

Q42 In your opinion, which of the following determines when the government favors or assists a particular firm or industry? Please select all that apply.

Options randomized

- The importance of an industry's impact on the economy
- Political influence of an industry
- Political connections of industry leaders
- Political donations from industry leaders
- The number of people employed by an industry
- Other (please specify)

I don't know **Exclusive**

Q43 Do you believe governments in the U.S. favor specific businesses or industries?

- Yes
- No **skip to Q47**
- I don't know **skip to Q47**

Q44 Which businesses/industries do you believe governments in the U.S. favor? Please select all that apply.

- Accommodation and food services
- Administrative and support and waste management and remediation services
- Agriculture, forestry, fishing, and hunting
- Arts, entertainment, and recreation
- Construction
- Educational services
- Finance and insurance
- Healthcare and social assistance
- Information
- Management of companies and enterprises
- Manufacturing
- Mining, quarrying, oil and gas extraction
- Professional, scientific, and technical services
- Public administration
- Real estate, rental, and leasing
- Retail trade
- Transportation and warehousing
- Utilities
- Wholesale trade
- Other services (except public administration)
- I don't know **Exclusive**

Q45 Please rank the following firm sizes you believe the governments in the U.S. are likely to favor, with "1" being the most likely, "2" being the second-most likely, and "3" being the least likely.

- _____ Large firms
- _____ Medium-size firms
- _____ Small firms

Q46 Please rank the following that you believe the governments in the U.S. are likely to favor, with "1" being the most likely, "2" being the second-most likely, and "3" being the least likely.

- _____ Financially successful firms
- _____ Modestly successful firms
- _____ Financially struggling firms

Q47 Do you believe the governments in the U.S. should favor specific businesses or industries?

- Yes
- No **skip to Q49**
- I don't know **skip to Q49**

Q48 Which businesses/industries do you believe the governments in the U.S. should favor? Please select all that apply.

- Accommodation and food services
- Administrative and support and waste management and remediation services
- Agriculture, forestry, fishing, hunting
- Arts, entertainment, and recreation
- Construction
- Educational services

- Finance and insurance
- Healthcare and social assistance
- Information
- Management of companies and enterprises
- Manufacturing
- Mining, quarrying, oil and gas extraction
- Professional, scientific, and technical services
- Public administration
- Real estate, rental, and leasing
- Retail trade
- Transportation and warehousing
- Utilities
- Wholesale trade
- Other services (except public administration)
- I don't know **Exclusive**

POLITICAL OUTLOOK/AFFILIATION

Now, we have just a few questions on your political outlook/affiliation.

Q49 Which of the following best describes your political outlook? Options randomized

- Liberal
- Centrist
- Conservative
- Libertarian
- Nationalist
- Authoritarian
- Socialist

- None of the above
- Prefer not to respond

Q50 Which political party, if any, do you affiliate with?

- Democratic
- Republican
- Green
- Libertarian
- Other, please specify:

- Independent/No party affiliation
- Prefer not to respond

Q51 How often do you vote in the following types of elections?

	Never	Rarely	Sometimes	Often	Always
National elections	<input type="radio"/>				
Statewide elections	<input type="radio"/>				
Local elections	<input type="radio"/>				

DEMOGRAPHICS

Finally, we have just a few more questions for classification purposes.

Q52 What year were you born in? Please enter the full year (e.g., 1980)

Note: Respondents will be flagged if their year of birth does not align with their reported age in Q1.

Q53 What is your marital status?

- Single/never married
- Married/cohabitating/domestic partner

- Divorced/separated/widowed
- Prefer not to respond

Q54 What is your average annual household income?

- \$0 to \$24,999
- \$25,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000 to \$124,999
- \$125,000 to \$149,999
- \$150,000 to \$174,999
- \$175,000 to \$199,999
- \$200,000+
- Prefer not to respond

Q55 Which of the following best describes your race?

- American Indian or Alaska Native
- Asian
- Black or African American
- Hispanic
- Native Hawaiian or Other Pacific Islander
- White
- Two or more races
- Prefer not to respond

Q56 What is the highest level of education you have completed?

- Some high school
- High school diploma/GED
- Some college or postsecondary technical training
- 2-year degree
- 4-year degree
- Some graduate school
- Graduate degree
- Prefer not to respond

Q57 Please select all that apply:

- Parent of a small child living in the house (under 6)
- Parent of a child living in the house (6–12)
- Parent of a teen living in the house (13–18)
- Parent of a child living out of the house (any age)
- Prefer not to respond **Exclusive**
- None of these **Exclusive**

Q58 How would you describe the area in which you currently live?

- Rural
- Suburban
- Urban

NOTES

Epigraph

1. Adam Smith, *The Wealth of Nations*, vol. 1 (Simon & Brown, 1776).
2. Quoted in Mark J. Perry, “Milton Friedman on the Difference between Being: a) Pro-Free Enterprise and B) Being Pro-Business,” *AEIdeas* (blog), June 23, 2013, <http://www.aei.org/publication/milton-friedman-on-the-difference-between-being-a-pro-free-enterprise-and-b-being-pro-business/>.
3. Joseph A. Schumpeter, *Capitalism, Socialism and Democracy* (New York: Harper and Brothers, 1942), 61.

1. Introduction

4. The survey instrument was approved by George Mason University’s Institutional Review Board. The information provided by Hanover was de-identified, meaning the researchers had no access to any respondent’s personally identifiable information.
5. Our full dataset is available online at <https://www.mercatus.org/publications/study-american-capitalism/culture-favoritism>.
6. In the business sample, individual responses were weighted by firm size. As a robustness check, each regression was also run without weighting, and the results did not change.

2. Culture and Favoritism

7. Matthew Mitchell, *The Pathology of Privilege: The Economic Consequences of Government Favoritism* (Arlington, VA: Mercatus Center at George Mason University, 2012).

8. Gordon Tullock, “The Welfare Costs of Tariffs, Monopolies, and Theft,” *Western Economic Journal [Economic Inquiry]* 5, no. 3 (1967): 224–32; Anne O. Krueger, “The Political Economy of the Rent-Seeking Society,” *American Economic Review* 64, no. 3 (1974): 291–303; Roger Congleton, Arye Hillman, and Kai Konrad, eds., *40 Years of Research on Rent Seeking 1–Theory of Rent Seeking* (Berlin: Springer, 2008); Matthew Mitchell, “Rent Seeking at 52: An Introduction to a Special Issue of Public Choice,” *Public Choice*, forthcoming.
9. William J. Baumol, “Entrepreneurship: Productive, Unproductive, and Destructive,” *Journal of Political Economy* 98, no. 5 (1990): 893–921; Kevin M. Murphy, Andrei Shleifer, and Robert W. Vishny, “The Allocation of Talent: Implications for Growth,” *Quarterly Journal of Economics* 106, no. 2 (1991): 503–30.
10. Harvey Leibenstein, “Allocative Efficiency vs. ‘X-Efficiency,’” *American Economic Review* 56, no. 3 (1966): 392–415.
11. Nathan Rosenberg and L. E. Birdzell, *How the West Grew Rich: The Economic Transformation of the Industrial World* (New York: Basic Books, 1986); Stephen L. Parente and Edward C. Prescott, *Barriers to Riches*, reprint ed. (Cambridge, MA: MIT Press, 2002); Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, 1st ed. (New York: Crown Business, 2012).

12. Kimberly Ann Elliott, ed., *Corruption and the Global Economy*, new edition (Washington, DC: Peterson Institute for International Economics, 1997); Rajeev K. Goel and Michael A. Nelson, “Causes of Corruption: History, Geography and Government,” *Journal of Policy Modeling* 32, no. 4 (2010): 433–47; Susan Rose-Ackerman and Bonnie J. Palifka, *Corruption and Government: Causes, Consequences, and Reform*, 2nd ed. (New York: Cambridge University Press, 2016).
 13. John Dove and Daniel Sutter, “Is There a Tradeoff between Economic Development Incentives and Economic Freedom? Evidence from the US States,” *Review of Regional Studies* 48, no. 1 (2018).
 14. On favoritism and the elite, see Randall G. Holcombe, *Political Capitalism: How Economic and Political Power Is Made and Maintained* (Cambridge, UK: Cambridge University Press, 2018). The political philosopher David Schmidtz writes, “What we mean by equality is best seen as political rather than metaphysical (or even moral) in nature. We do not expect people to be the same, but we see differences as having no bearing on how people ought to be treated as citizens.” He asserts that some of the best egalitarian arguments, such as that put forward by Ackerman, are actually superb arguments for equal treatment and not necessarily good arguments for equal outcomes. Bruce A. Ackerman, “Comment on Fried on Getting What We Don’t Deserve,” *Social Philosophy and Policy* 1, no. 1 (1983): 60–70; David Schmidtz, *The Elements of Justice* (New York: Cambridge University Press, 2006), 107.
 15. According to Nobel prize–winning economist Douglass North, institutions are the “humanly devised constraints that shape human interaction.” A number of formal and informal rules either forbid favoritism outright or constrain the forms it may take. For example, for nearly a century, members of both major parties interpreted the federal Constitution’s General Welfare clause to forbid public policies that promote the specific welfare of particular firms or individuals. Similarly, state constitutional “gift clauses” ostensibly make it illegal for legislatures to favor particular firms. But over time, some courts and legislatures have weakened these limits, leading to variation in the strength of these measures and, therefore, in the use of targeted incentives across states. On institutions in general, see Douglass C. North, *Institutions, Institutional Change, and Economic Performance* (Cambridge, UK: Cambridge University Press, 1990), 3. On the General Welfare clause, see John C. Eastman, “Restoring the General to the General Welfare Clause,” *Chapman Law Review* 4, no. 63 (2001). On gift clauses, see Carlianne Patrick, “Identifying the Local Economic Development Effects of Million Dollar Facilities,” *Economic Inquiry* 54, no. 4 (2016): 1737–62.
 16. Virgil Henry Storr, *Understanding the Culture of Markets* (New York: Routledge, 2013).
 17. Storr, *Understanding*, 4. The economist Deirdre McCloskey has posited that sweeping cultural changes that began in the 17th century brought newfound dignity to commercial pursuits, and that this “bourgeois dignity” can explain the extraordinary rise of Western economies in the last few centuries. Deirdre N. McCloskey, *Bourgeois Dignity: Why Economics Can’t Explain the Modern World* (Chicago: University of Chicago Press, 2011).
 18. Virgil Henry Storr and Seung (Ginny) Choi, “A Culture of Rent-Seeking,” *Public Choice* (forthcoming).
 19. For more on this, see Holcombe, *Political Capitalism*.
 20. Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups*, revised ed. (Cambridge, MA: Harvard University Press, 1965).
- ### 3. Measures of Government Favoritism
21. As detailed in appendix A, 51 percent of business leaders in the sample described themselves as the primary decision maker, 36 percent said they shared decision-making authority, and 12 percent said they participate in decision-making by giving input and feedback but have no direct decision-making authority.

22. For a detailed analysis of each of these privileges, see Mitchell, *The Pathology of Privilege*.
23. As noted in appendix B, the subindustries in the Census's NAICS code classification system are not always intuitive, so it is possible that some respondents may be erroneously categorizing their firms.

4. Favoritism and Other Beliefs

24. An ordered probit is a generalized version of the probit model, ideal for cases in which there are more than two outcomes of an ordinal ranked dependent variable. For more details, see William H. Greene, *Econometric Analysis*, 7th ed. (Boston: Pearson, 2011), 827–31.
25. For more details on the regulation measure, see Omar Al-Ubaydli and Patrick A. McLaughlin, “RegData: A Numerical Database on Industry-Specific Regulations for All US Industries and Federal Regulations, 1997–2012,” *Regulation & Governance* 11, no. 1 (2015), 109–23.
26. There is some ambiguity in the term “regulation.” See the discussion in section 4.2.2.
27. Statistical significance in all regressions is calculated with reference to heteroscedasticity-robust standard errors.
28. Since the figure shows the effect of a one standard deviation increase in Privilege Dependency, the error bars are calculated by multiplying the estimated standard errors by one standard deviation in Privilege Dependency (approximately 6.4). This was done for all subsequent figures showing the effect of a one standard deviation increase in Privilege Dependency.
29. Matthew D. Mitchell and Peter J. Boettke, *Applied Mainline Economics: Bridging the Gap between Theory and Public Policy* (Arlington, VA: Mercatus Center at George Mason University, 2017).
30. We thank Randall Holcombe for pointing out this ambiguity.
31. As in earlier regressions, the full model once again includes the Belief Profile vector.

32. Smith, *The Wealth of Nations*; George J. Stigler, “The Theory of Economic Regulation,” *Bell Journal of Economics and Management Science* 2, no. 1 (1971): 3–21.
33. In contrast with the previous regression models, the dependent variable is dichotomous, which is why we estimate equations (17) and (18) with a probit model instead of an ordered probit model. See table C5 in appendix C for the full regression results.
34. Luigi Zingales, “Capitalism after the Crisis,” *National Affairs* 35 (2009): 25; for the survey, see Primo Rapporto Luiss, *Generare Classe Dirigente: Un Percorso da Costruire* (Rome: Luiss University Press, 2007).
35. James M. Buchanan, “Rent Seeking and Profit Seeking,” in *Toward a Theory of the Rent-Seeking Society*, ed. Robert D. Tollison and Gordon Tullock (College Station: Texas A&M University Press, 1980), 97–112.
36. Since the dependent variable is dichotomous, a probit regression was used rather than an ordered probit.

5. Discussion

37. Mitchell, *The Pathology of Privilege*.
38. Storr and Choi, “A Culture of Rent-Seeking.”
39. Paul Dragos Aligica and Vlad Tarko, “Crony Capitalism: Rent Seeking, Institutions and Ideology,” *Kyklos* 67, no. 2 (2014): 156–76.
40. McCloskey, *Bourgeois Dignity*; Deirdre N. McCloskey, “How the West (and the Rest) Got Rich,” *Wall Street Journal*, May 20, 2016.
41. Zingales, “Capitalism after the Crisis.”

Appendix A

42. These are unweighted values.

Appendix B

43. We thank an anonymous reviewer for suggesting this line of inquiry.

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