

DEVELOPMENT IN THE AMERICAS

TRADING PROMISES FOR RESULTS

What Global Integration Can Do for
Latin America and the Caribbean

Chapter 6

Edited by
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TRADING PROMISES FOR RESULTS

**What Global Integration Can Do for
Latin America and the Caribbean**

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6 On Board with Trade, for Now: People's Attitudes and Support

Economic theory holds that international trade generates welfare gains for the economy as a whole. By allowing countries to specialize in what they produce most efficiently, trade raises aggregate production. At the same time, by giving individuals access to a greater variety of products at lower prices, purchasing power increases. However, trade also produces losers. In particular, individuals who work in sectors that compete with imported goods may have their wages cut or even lose their jobs.

Although society's gains from trade tend to outweigh the losses, opening up to trade creates losers who can lead the resistance to free trade. The question is, how do Latin Americans perceive these gains and losses?¹ Do they support international trade or oppose it? In spite of some unfulfilled promises of trade reform in the early 1990s (see Chapter 1), support for international trade in Latin America is high. For now, people are on board with the idea. To a large extent, this support is grounded in the belief that trade leads to greater employment. However, the public is often bombarded with negative opinions on trade in the media, on social networks, or in the public debate. Moreover, results from a recent large-scale survey show that support for trade is fragile and may be swayed by information emphasizing its negative consequences. The results also show that providing positive information can partially offset the impact of negative information.²

¹ Several studies analyze individuals' preferences for trade and how those preferences relate to their sociodemographic characteristics. See Mayda and Rodrik (2005), Hainmueller and Hiscox (2006), and Mayda (2008), among others. Related literature explores the effects of foreign trade on election outcomes. See Autor et al. (2017).

² An extensive economics and political science literature analyzes the effect of information on people's opinions. See, for example, Gaines, Kuklinski, and Quirk (2007) for a review of the literature and techniques.

What Do Latin Americans Think of International Trade?

This chapter uses data from Latinobarómetro, a public opinion survey conducted annually since 1995 at the national level in 18 Latin American countries. The survey includes questions on the demographics of the respondents and their opinions on a variety of social, political, and economic subjects. For this report, several trade-related questions were added to the 2018 survey, which involved personal interviews with 20,204 individuals in 18 countries. These questions evaluated citizens' support for increased trade as well as their beliefs about the consequences of trade on employment and consumption outcomes. It also includes a survey experiment in which respondents were randomly given one of four variants of the support-for-trade question: positive framing, negative framing, mixed framing, or no framing at all (control group).³ All figures in this chapter that use the 2018 Latinobarómetro survey, except for Figures 6.9 and 6.10, were prepared using data for the control group only.

Figure 6.1 plots support for trade in Latin American countries based on a simple survey question: *Are you for or against (your country) increasing trade with other countries?* Two important messages emerge. First, most Latin Americans support international trade. On average, 73 percent of the respondents in the region support increased trade with other countries. Second, support for trade varies across countries, ranging from 59 percent in Argentina and Peru to more than 85 percent in Venezuela, Honduras, Uruguay, and Nicaragua. Despite these differences, a majority of respondents in every country surveyed supports increased trade with other countries.⁴

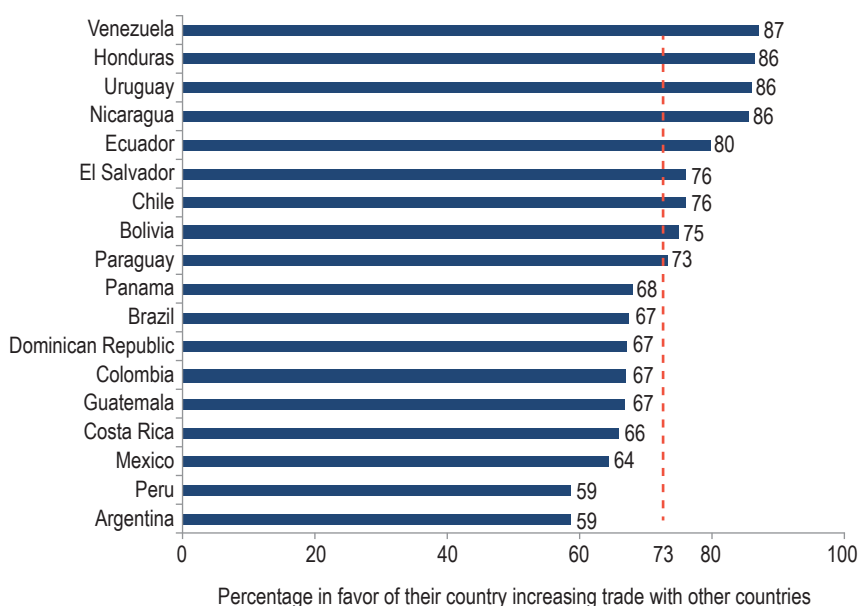
Box 6.1 presents similar data for 2010 from the Latin American Public Opinion Project (LAPOP) from Vanderbilt University. This survey, which includes countries in the Caribbean not included in the Latinobarómetro sample, focuses on a different, but related, question: support for free trade agreements (FTAs).

How does Latin America compare with other regions in terms of support for trade? To answer this question, Figure 6.2 reports attitudes toward trade in 2017 as reported in the Pew Global Attitudes Survey.⁵ As the figure

³ One-quarter of respondents were assigned to each framing group.

⁴ Trade preferences seem to be correlated with trade policy, suggesting either that policy responds to preferences or that preferences are influenced by the policy status quo. See Rodríguez Chatruc, Stein, and Vlaicu (2019).

⁵ This survey includes eight Latin American countries. Latinobarómetro and Pew survey results are not strictly comparable. They correspond to different years, they have different sampling methodologies, and the question on support for trade is phrased differently.

Figure 6.1 Support for Trade, Latinobarómetro 2018

Source: Authors' calculations based on Latinobarómetro (2018).

Note: The figure shows the percentage of respondents who support increasing trade with other countries. The dashed line shows the simple average across countries. Only respondents in the control group (see text) were included in the computations.

shows, trade is highly popular around the world. On average, 86 percent of respondents in 38 countries think that trade and business ties with other nations are good for their countries. Support for trade in Latin America is lower, but still substantial, at 80 percent, and broadly comparable to the average from the Latinobarómetro survey presented in Figure 6.1.

How has support for trade evolved over time? Is an antiglobalization backlash underway? Figure 6.3 shows the evolution of support for trade in Argentina, Brazil, and Mexico based on several iterations of the Pew Global Attitudes Survey. These are the only countries in Latin America with several years of information. The United States, China, India, Germany, and France are also included as reference points. Several patterns emerge. First, despite a slight decline in support in Brazil, there is no evidence of a significant backlash against globalization in the attitudes toward trade in Latin American countries, as reported by Pew. Thus, the disenchantment with the great liberalization discussed in Chapter 1 is either not that strong, or somehow is not captured by the surveyed responses. The only large—but short-lived—drop in support for trade took place in the United States during the financial crisis of 2008. In no other country has support

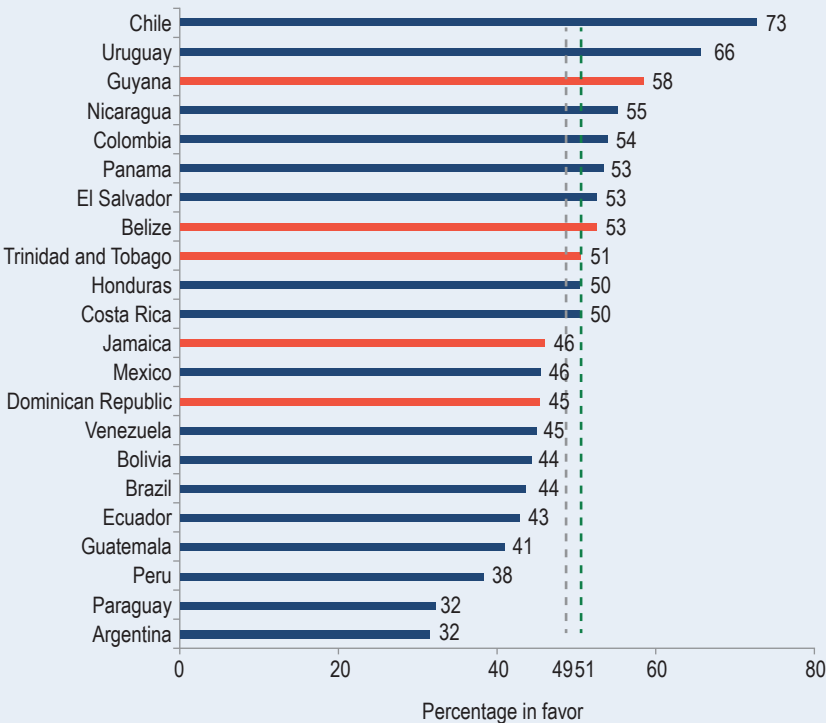
BOX 6.1 SUPPORT FOR FREE TRADE AGREEMENTS IN THE CARIBBEAN

How widespread is support for trade in the Caribbean? The question cannot be answered using Latinobarómetro or Pew, which exclude Caribbean countries other than the Dominican Republic. In contrast, the 2010 LAPOP survey, which asks respondents about their support for free trade agreements (FTAs), includes several Caribbean countries.

On average, support for FTAs was 49 percent in the region in 2010 (Figure 6.1.1), more than 20 percentage points below the numbers on support for trade in Figure 6.1. Some people may not be familiar with the concept of FTAs, which could drive support downward. Moreover, individuals could support increased trade with other nations without necessarily supporting FTAs, which in some cases are controversial.

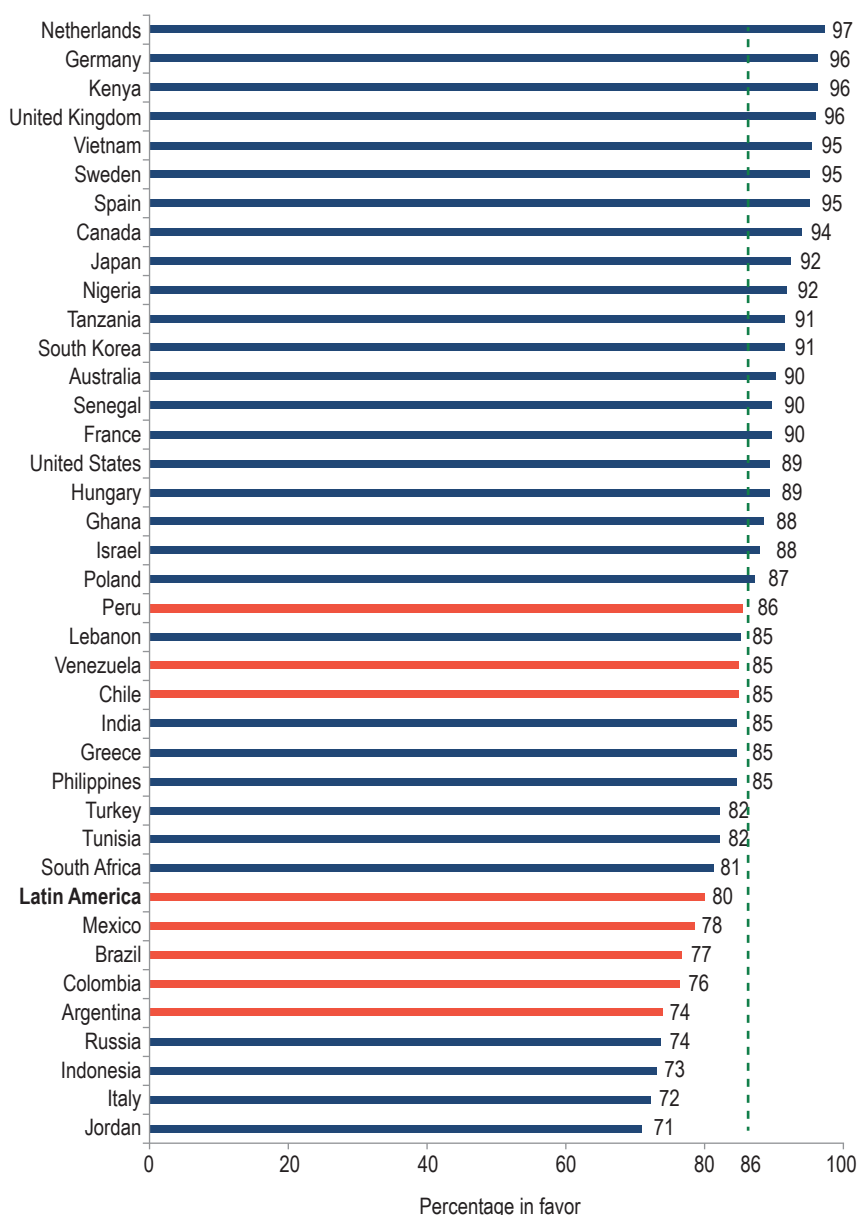
Support for FTAs in the five Caribbean countries surveyed (Belize, Dominican Republic, Guyana, Jamaica, and Trinidad and Tobago) ranges from 45 percent in the Dominican Republic to 58 percent in Guyana, which ranks third in support in the region after Chile and Uruguay. Support for FTAs in these five countries averages 51 percent, slightly above the regional average of 49 percent.

Figure 6.1.1 Support for Free Trade Agreements, LAPOP 2010



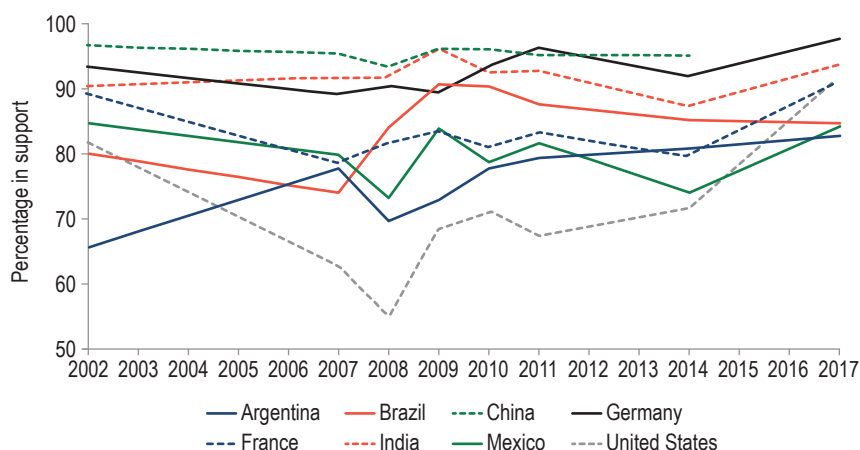
Source: Authors' calculations based on LAPOP (2010).

Note: The figure shows the percentage of respondents who said they believe that FTAs help improve the country. Red bars correspond to Caribbean countries. The dashed gray and green lines show the simple average across all countries and across Caribbean countries, respectively.

Figure 6.2 Support for Trade around the World, Pew 2017

Source: Authors' elaboration based on Pew Global Attitudes Survey for the year 2017 (spring).

Note: Figure shows the percentage of respondents that think trade and business ties with other nations are good for the country. Red bars correspond to Latin American countries. Blue bars represent countries from other regions. The dashed line shows average support for trade for the 38 countries surveyed for the year 2017. The total number of observations is 41,953, ranging from 852 in Greece to 2,464 in India.

Figure 6.3 Support for Trade, 2002–17

Source: Authors' elaboration based on Pew Global Attitudes Survey for several years.

Note: Percentage of respondents that think that growing trade and business ties are good for their countries. The years with information are 2002, 2007, 2008, 2009, 2010, 2011, 2014, and 2017. Sample sizes vary by country and year, ranging from 507 in France in 2002 to 3308 in China in 2011.

for trade fallen below 70 percent, except in Argentina in 2002, in the midst of a severe crisis. At first glance, it appears that support for trade is fairly resilient, except during periods of severe crisis.

How Beliefs Shape Preferences on Trade

The 2018 Latinobarómetro survey asked individuals about their beliefs regarding the consequences of increased trade on employment, wages, prices, product variety, access to technology, as well as their personal economic situation.⁶ While most of these questions were cast in terms of improved outcomes, in the case of employment and wages, respondents were also able to express their beliefs regarding detrimental effects.⁷ The results for the region as a whole are presented in the last row of Figure 6.4. Most Latin Americans surveyed (58 percent) believe that trade is associated

⁶ This section and the ones that follow are based in part on Rodríguez Chatruc, Stein, and Vlaicu (2019).

⁷ The exact question about the consequences was: "Which of the following do you think are consequences of increased trade with other countries? (Mention all the consequences you agree with)." The options were: Higher employment, higher wages, better product variety, lower prices, more and better access to technology, better personal economic situation, lower wages, lower employment, and no consequences.

Figure 6.4 Popular Beliefs about the Consequences of Trade in Latin America, 2018

	Higher employ.	Lower employ.	Higher wages	Lower wages	Product variety	Lower prices	Access tech.	Better pers. sit.
Argentina	44	23	23	18	27	24	23	19
Bolivia	51	10	26	8	28	18	17	19
Brazil	51	10	26	8	31	27	24	15
Chile	35	17	22	14	52	48	40	16
Colombia	57	21	34	18	45	36	28	26
Costa Rica	71	11	44	12	54	46	41	43
Dominican Rep.	69	6	57	7	42	43	34	32
Ecuador	52	10	28	10	42	31	30	27
Guatemala	53	9	38	10	33	33	19	26
Honduras	75	6	46	5	32	43	23	31
Mexico	52	11	39	12	29	27	17	19
Nicaragua	83	4	52	5	34	31	20	24
Panama	60	12	42	11	29	21	20	22
Peru	47	12	30	8	32	27	28	28
Paraguay	58	8	39	4	45	30	24	27
El Salvador	54	14	32	13	32	28	17	19
Uruguay	72	4	42	4	44	32	32	29
Venezuela	68	3	49	4	60	50	24	46
All countries	58	11	37	9	39	33	26	26

Source: Authors' calculations based on Latinobarómetro (2018).

Note: The figure shows the percentage of respondents holding various beliefs. Respondents were able to choose more than one option. "Access tech." means access to technology; "Better pers. sit." means better personal economic situation.

with higher employment. Only 11 percent believe that trade leads to fewer jobs. Likewise, 37 percent of Latin Americans surveyed believe that increased trade leads to higher wages, while only 9 percent believe that trade depresses wages. Moreover, 39 percent of individuals believe that trade is associated with greater product variety, 33 percent with lower prices, and 52 percent with at least one of these two consequences. Only 26 percent of respondents believe that trade increases their access to technology. Only 9 percent believe that it improves their personal economic situation.

Beliefs vary across countries. Except in Chile, the most widespread belief is that trade boosts employment. In countries such as Costa Rica, Honduras, Nicaragua, and Uruguay, more than 70 percent of respondents share this belief. Even in Chile, where this belief is weakest, twice as many people think trade leads to more jobs than fewer jobs. In most countries, fewer than 10 percent of the respondents believe that trade negatively

impacts employment. Beliefs regarding positive effects on wages, product variety, and prices are also widespread.

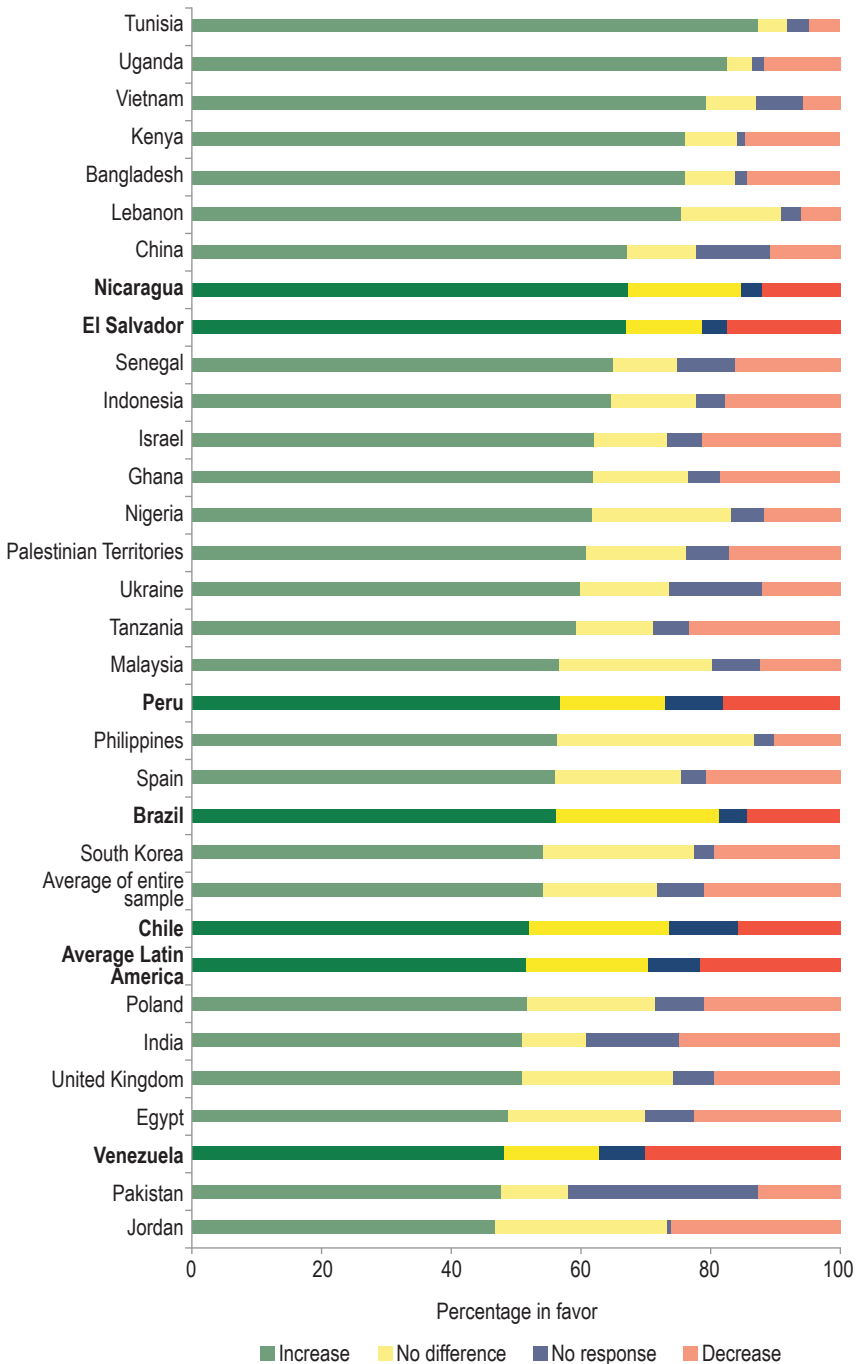
Latin Americans believe that trade creates jobs. But do they believe in the employment potential of trade more or less than other people around the world? How does Latin America compare internationally?

The belief that trade creates jobs is not a Latin American phenomenon. Rather, it is a widely held belief throughout the world. Figure 6.5, based on results from the 2014 Pew Global Attitudes Survey, shows the percentage of respondents who think trade leads to job creation, job destruction, or does not make a difference. Most Latin American countries are below the world average in this regard, although there is considerable variation across countries. In only a handful of countries (5 out of 44), more people believe trade leads to job destruction than job creation. Colombia is the only country in Latin America in this group. Interestingly, the others—France, the United States, Japan, and Italy—are developed economies, where trade theory would suggest that trade could negatively affect labor, or at least unskilled labor.⁸ Data from the 2018 iteration of the Pew survey, analyzed in Stokes (2018), suggest that the difference in beliefs regarding the impact of trade on employment between developed and emerging countries is systematic. While 56 percent of respondents in emerging economies believe that trade leads to higher employment, only 46 percent of individuals in developed countries share that belief.

Preferences for trade should be based on beliefs about its consequences. If respondents believe trade has positive effects, on balance, then they should be more likely to support it. Moreover, linking beliefs and preferences offers important insights into what respondents really care about when forming attitudes toward trade. So how do beliefs and preferences on trade correlate? For every specified outcome, Figure 6.6 shows the difference in support for trade between individuals who believe trade leads to that outcome, and those who do not share that belief.

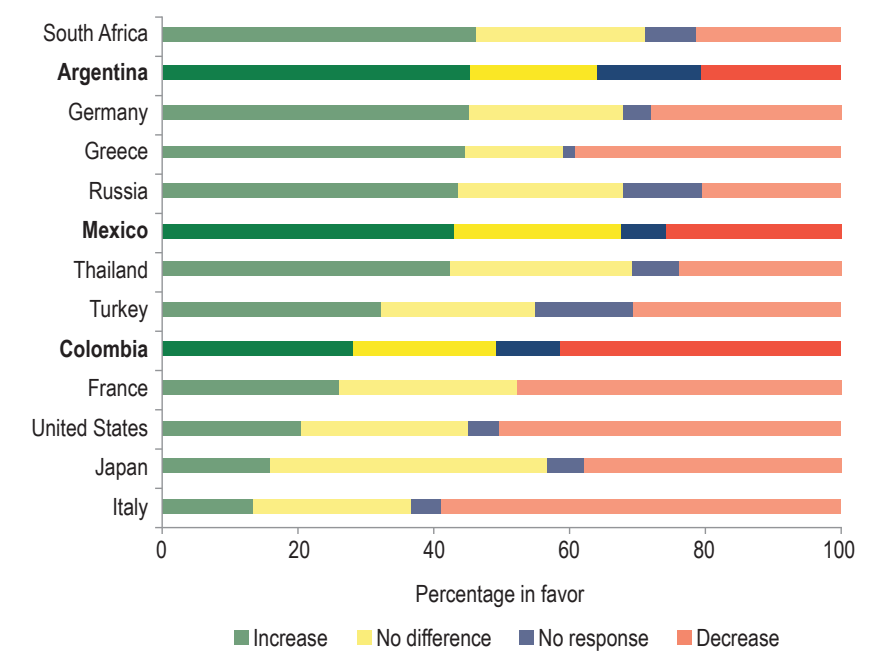
The results support the notion that preferences are grounded in beliefs. Positive beliefs are always associated with higher support for trade, although for some outcomes, such as wages and prices, the difference is not statistically significant. Negative beliefs (about lower wages and lower employment) are always strongly associated with lower support. The magnitudes of the differences are also informative, since they provide insights into the extent to which people actually care about the different

⁸ This follows from the Stolper-Samuelson theorem derived from the Heckscher-Ohlin (factor proportions) theory of trade. The abundant factor of production benefits from trade, while the scarce factor loses.

Figure 6.5 Popular Views of Effect of Trade on Job Creation, Pew 2014

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Figure 6.5 Popular Views of Effect of Trade on Job Creation, Pew 2014 *(continued)*

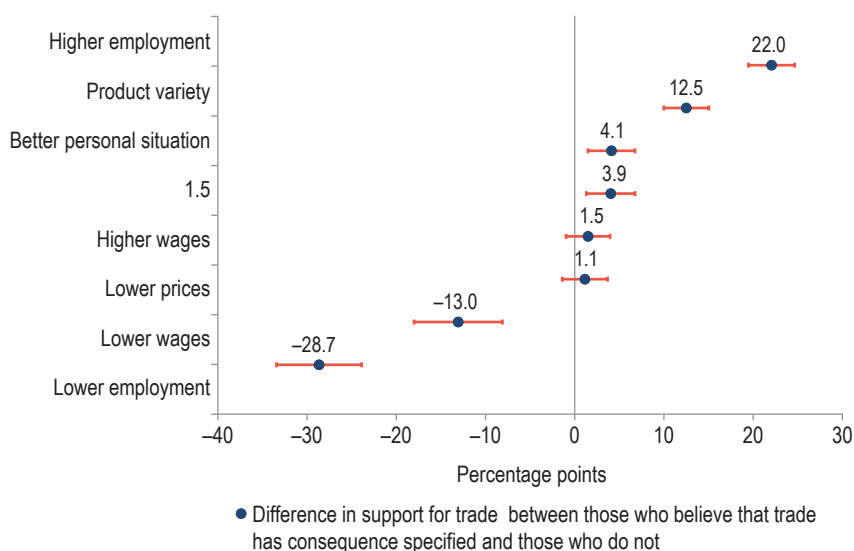


Source: Authors' elaboration based on Pew Global Attitudes Survey for the year 2014 (spring).
Note: Figure shows the percentage of respondents holding various beliefs regarding the impact of increased trade on jobs. The figure includes all countries with information for the year 2014. Latin American countries are in bold. The total number of observations is 48,643, ranging from 1,000 in most countries to 2,464 in China.

employment and consumption outcomes. People seem to care much more about employment than they do about any other outcome, including wages.⁹ For example, the belief that trade leads to higher employment is associated with a 22-percentage point increase in support for trade. Among consumption-related outcomes, respondents seem to care more about expanded product variety than they do about lower prices. Surprisingly, people's personal economic situation does not correlate strongly with preferences for trade. This suggests that self-interest is not the main driver, and that sociotropic motivations play a role in these preferences.

The asymmetric association of positive and negative beliefs regarding labor market outcomes on attitudes towards trade (illustrated in Figure 6.6) may reflect loss aversion. This phenomenon, first identified by Kahneman and

⁹ This contrasts with findings by Baker (2003) for an earlier period that pointed to the primacy of consumption considerations such as lower prices and wider product variety in shaping attitudes towards trade.

Figure 6.6 Effect of Beliefs on the Probability of Supporting Trade, 2018

Source: Authors' calculations based on Latinobarómetro (2018).

Note: The figure shows the difference in percentage points in the average support for trade between individuals who believe that trade has each of the consequences specified and those who do not share that belief. The values come from a regression that includes all beliefs, gender, age, and educational level of the respondent. The horizontal lines correspond to 95% confidence intervals.

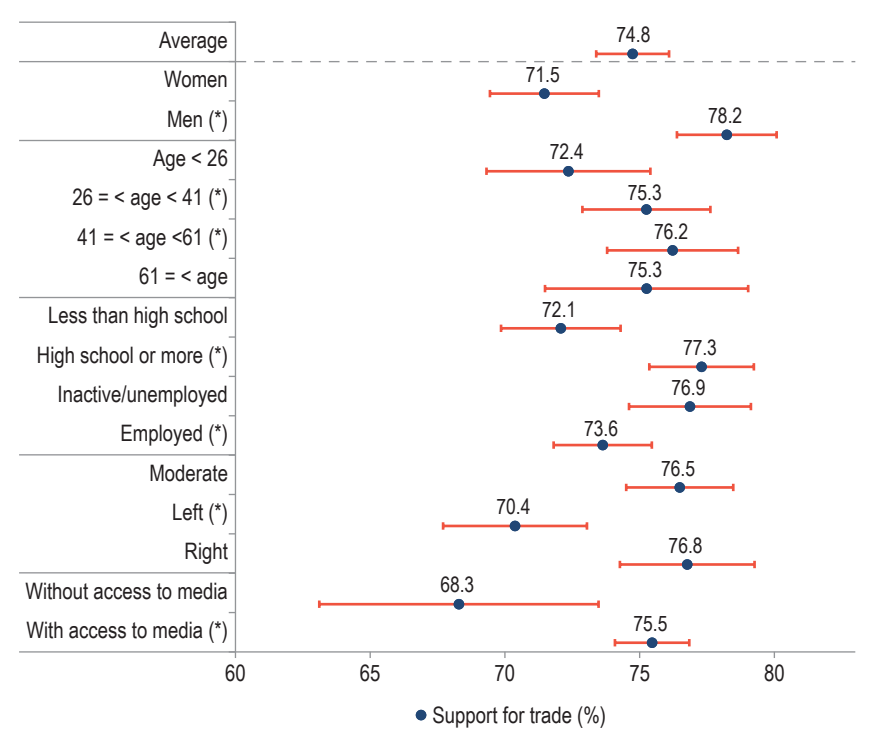
Tversky (1979), refers to people's preference to avoid losses over acquiring equivalent gains. People care more about potential employment losses than they do about potential employment gains. The coefficient for lower employment (-28.7 percent) is 30 percent greater in magnitude than that for higher employment. Loss aversion is even stronger when it comes to wages. Respondents do not seem to care much about wage increases, but they certainly care about potential wage losses.

Different People, Different Preferences for Trade

What characteristics of the respondents are associated with support for trade? Figure 6.7 shows the average support for trade among individuals with different characteristics, with their corresponding confidence intervals. For example, men are more supportive of trade than women.¹⁰

¹⁰ The fact that confidence intervals do not overlap implies that the difference across these groups is statistically significant at the 5 percent level. Part of the difference may be attributed to the fact that women are more likely to believe that trade leads to job losses.

Figure 6.7 Support for Trade by Sociodemographic Characteristic, 2018



Source: Authors' calculations based on Latinobarómetro (2018).
Note: The figure shows the percentage of respondents in 18 Latin American countries who are in favor of increasing trade with other countries, broken down by gender, age, educational level, employment, ideology, and access to media. The values come from a regression that includes, in addition to these sociodemographic characteristics, the following regressors: fixed effects for country, wealth of the respondent, and a group of indicators equal to one if the respondent is married, has used social programs, trusts other people, or believes a country's income distribution is fair, respectively. The horizontal lines correspond to the confidence intervals at 95% of the estimated coefficients. The asterisk next to a category indicates that the difference between that category and the first category (or base category) is significant at 10%.

Differences in education are also highly significant, with more educated individuals exhibiting greater support for trade. This is consistent with the results of other studies for developing countries.¹¹

Ideology accounts for substantial differences in support for trade. Individuals on the left of the ideological spectrum are six percentage points less likely to support trade.¹² They are also more likely to believe

¹¹ See Burgoon and Hiscox (2008) and Guisinger (2016) on gender, and Beaulieu, Yatawara, and Wang (2005), Mayda and Rodrik (2005), and Ardanaz, Murillo, and Pinto (2013) on education.
¹² This contrasts with the United States, where in recent years the right has been more protectionist than the left, as discussed in Chapter 5. According to Gallup's data,

trade leads to job losses.¹³ Access to political information through the media also has a strong correlation with support for trade. Individuals who obtain their political news through the media are seven percentage points more likely to support trade than those who rely on other sources of political information, such as their family, friends, classmates, and coworkers. For the remaining sociodemographic characteristics, the differences—if any—are measured less precisely. Younger people and those who are employed voice less support for trade than older people and the unemployed.

Educational attainment plays an important role in shaping preferences about trade. Using data for a worldwide sample of countries, Mayda and Rodrik (2005) show that educated individuals are more supportive of trade and that this relationship is stronger in more-developed countries. They argue that this is consistent with a factor-endowments model of trade in which support depends both on individuals' skill levels and on countries' relative factor endowments. Figure 6.8 replicates Mayda and Rodrik's analysis with data from Latin American countries, using country-level educational attainment instead of their GDP per capita proxy.¹⁴ The vertical axis shows the effect of moving one step up in educational attainment on support for trade. Consistent with Mayda and Rodrik's findings, education has a stronger effect on support for trade in countries with higher skill abundance.

The Power of Negativity: Framing and Attitudes toward Trade

Although most people in the region support trade, they are frequently exposed—through traditional media, political discussions, and social networks—to opinions and information that criticize trade (sometimes in the same breath as globalization) by emphasizing its negative consequences.

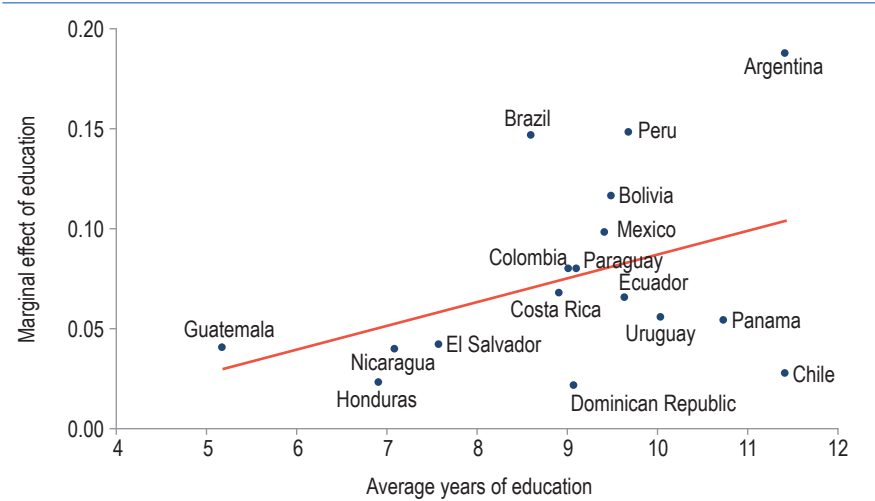
Politicians who oppose trade naturally emphasize its potential negative consequences. A famous example of negative framing, on the closely related subject of offshoring, was provided by presidential candidate Ross Perot during the 1992 presidential election in the United States, in relation to NAFTA. He argued that,

Republicans were more supportive of trade than Democrats from 2001 to 2011. Since 2012, that tendency has been reversed. Pew data show similar results.

¹³ For evidence of this, as well as other correlations between sociodemographic characteristics and beliefs, see Rodríguez Chatruc, Stein, and Vlaicu (2019).

¹⁴ The association continues to be statistically significant when skill abundance is proxied with GDP per capita. See Rodríguez Chatruc, Stein, and Vlaicu (2019).

Figure 6.8 Education Gradient and Skill Abundance



Source: Authors' calculations based on Latinobarómetro (2018) and World Bank and CEDLAS' Socio-Economic Database for Latin America and the Caribbean (consulted on June 2019).
Note: The figure shows the relationship between country-level average education and the marginal effect of education estimated for each of the 18 Latin American countries in Latinobarómetro. The marginal effects of education come from a set of regressions, one for each country, in which the dependent variable is the support for trade and the independent variables are the respondent's education, age, and gender. A regression with the information for all the countries was run to test the significance of the relationship reported in the figure and included an interaction between the education variable and education national average. The interaction term is statistically significant at the 5 percent level.

“We have got to stop sending jobs overseas. It’s pretty simple: If you’re paying \$12, \$13, \$14 an hour for factory workers and you can move your factory south of the border, pay a dollar an hour for labor, ... have no health care... no environmental controls, no pollution controls and no retirement, and you don’t care about anything but making money, there will be a *giant sucking sound* going south.”

It is, therefore, worth asking how sensitive Latin Americans are to negative information on trade, and whether it is possible to counteract the effect of negative information with positive information.

To answer these questions, the 2018 Latinobarómetro survey included a large-scale experiment in which respondents in the 18 countries were randomly assigned to four different experimental groups. Each group was asked a different version of the question on support for trade.¹⁵ The four versions were:

¹⁵ The experiment is related to the work of Hiscox (2006) in the United States and Ardanaz, Murillo, and Pinto (2013) in Argentina. The experiment conducted for this report differs

- **Control group:** Are you for or against (your country) increasing trade with other countries?
- **Positive framing:** Are you for or against (your country) increasing trade with other countries so that prices fall and the variety of products you may buy increases?
- **Negative framing:** Are you for or against (your country) increasing trade with other countries, even if increased trade causes employment losses in import competing sectors?
- **Mixed framing:** Are you for or against (your country) increasing trade with other countries so that prices fall and the variety of products you may buy increases, even if increased trade causes employment losses in import competing sectors?¹⁶

The options were: “In favor” and “Against,” with the possibility of responding “I don’t know” or not responding at all. In the few cases where no response is given (5 percent of the total), this is recorded in the data with a “No response” code. The answers were converted into a “Support for Trade” variable equal to one if the response was in favor and zero otherwise.

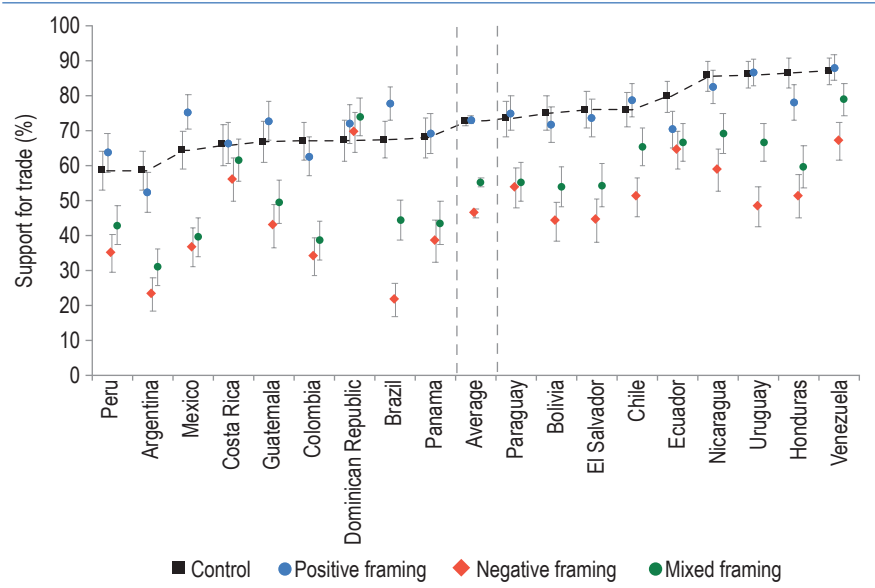
Figure 6.9 displays, for each country, the average support for trade for each of the different experimental groups. Additionally, the figure includes the results for the pool of countries (“Average” in the figure). The information is arranged in increasing order of mean support within the control group; for easier visualization the control group means are connected by a dotted line.

Several results emerge from the survey experiment. On average, negative framing decreases support for trade from 72.6 percent to 46.3 percent, that is, by 26.3 percentage points. This is an enormous impact, four times larger than the effect of different ideologies on support for trade, and five times larger than the difference in support associated with secondary school completion. To put things in perspective, looking back at the relationship between sociodemographic characteristics and support for trade in Figure 6.7, the impact of negative framing is similar in magnitude to the combined impact of gender, education, ideology, and

from those studies in that the framing is not placed before the question but introduced directly while asking the question. A pilot conducted in Chile suggested that respondents were having problems understanding the framing when it was placed before the question. A more recent paper by Di Tella and Rodrik (2019) explores the impact of framing on attitudes towards protection using an online survey experiment for the United States.

¹⁶ In almost all the countries the question was asked in Spanish. For the exact wording in Spanish, see Rodríguez Chatruc, Stein, and Vlaicu (2019).

Figure 6.9 Effects of Framing on Support for Trade



Source: Authors' calculations based on Latinobarómetro (2018).
Note: The figure shows support for trade in each of the experiment's groups (control, positive framing, negative framing, and mixed framing). The markers within the box show support for trade in each of the experiment's groups for the entire sample of 18 Latin American countries. The lines around the symbols represent 95% confidence intervals.

access to media. Thus, while in all countries in Latin America a sizable majority of individuals favor trade liberalization, these opinions may be easily swayed toward protectionism when common anti-trade arguments frame the debate.

In contrast to the sizable impact of negative information, receiving purely positive information does not increase support for trade. Being in the mixed framing group leads to lower trade support by about 17 percentage points compared to the control group, which suggests that pro-trade information counteracts more than a third of the negative effect of the anti-trade framing.¹⁷

Several potential explanations may account for the weak effect of positive framing in the experiment as well as the strong effect of negative framing. First, as shown earlier, individuals care more about employment, which is the subject of the negative framing, than they do about

¹⁷ The results regarding negative framing are in line with the findings of Hiscox (2006) and Ardanaz, Murillo, and Pinto (2013). However, those studies also found negative impacts for the positive framing and did not find that positive information partially compensated for the negative information.

consumption outcomes such as product variety and lower prices.¹⁸ Second, individuals may react more strongly to losses than to gains in similar variables; in other words, they may display loss aversion, as predicted by prospect theory (Kahneman and Tversky, 1979). In fact, the findings linking preferences and beliefs on employment and wages are consistent with this pattern. Third, individuals may respond more strongly to framing when the information provided contradicts prior beliefs. Latin Americans believe that trade leads to higher employment. The negative framing challenges these prior beliefs. In contrast, the positive framing only confirms prior beliefs on the impact of trade on product variety and prices. Thus, this new positive information is less likely to change attitudes towards trade.

Interestingly, while positive framing by itself seems to have no discernible impact on attitudes towards trade, combining the good news with the bad news in the mixed framing significantly mitigates the negative effect of anti-trade arguments on preferences. Adding the pro-trade arguments reduces the salience of the anti-trade arguments that go against the average respondent's prior beliefs. This is also consistent with a reason-based model of choice where salience of a given reason declines with the number of opposing reasons (Shafir, Simonson, and Tversky, 1993).

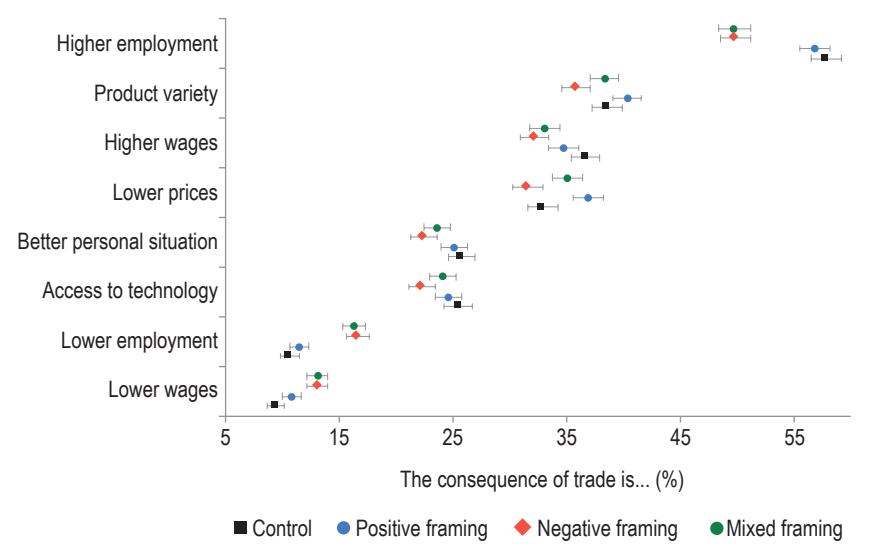
Framing effects, particularly the negative and mixed framings, vary significantly across countries. They are low in Costa Rica and the Dominican Republic, and large in Brazil. While the lack of results in the Dominican Republic is puzzling, the case of Costa Rica is easier to understand. As discussed in Chapter 5, in 2007, this country had a referendum on CAFTA that dominated political life. The previous presidential election, which led to the Arias government, as well as the one that followed, hinged to a great extent on candidates' positions on trade. Because of the centrality of this issue in Costa Rica's political landscape, it appears that people in this country have firmer preferences and beliefs, and are, thus, less swayed by framing.

Does Framing Alter Beliefs?

Immediately after the question on support for trade featuring one of the four experimental conditions, respondents were asked about their beliefs regarding the consequences of trade with other countries, as discussed above. It is, therefore, possible to analyze whether the experiment also influenced the responses to that question. Results for this exercise are shown in Figure 6.10.

¹⁸ For a discussion on this, see Blinder (2019).

Figure 6.10 Effects of Framing on the Perceived Consequences of Trade



Source: Authors' calculations based on Latinobarómetro (2018).
Note: The figure shows the percentage of respondents who identify each consequence of trade in each of the experimental groups (control, positive framing, negative framing, and mixed framing). The lines around the symbols represent 95% confidence intervals.

As expected, for the individuals who received the negative framing, the perception that trade leads to higher employment decreased (by about 10 percentage points) and the perception that trade decreases employment increased (by about 6 percentage points) compared to the control group. Interestingly, while the magnitudes are smaller, the negative framing makes individuals more pessimistic about the consequences of trade on basically all outcome variables, even though they are not specifically mentioned in the framing. Individuals who received the positive framing tended to respond that trade is associated with lower prices and greater product variety, but only the difference in perception regarding variety is statistically significant.

Can mixed framing counteract the effect of negative information on beliefs about the consequences of trade? Only in the case of lower prices and higher product variety. For both employment variables, and to a lesser extent for wages, the impact of mixed framing is identical to that of negative framing.

Holding on to Support

In Latin America, as in most countries in the world, there is generalized support for trade: 73 percent of Latin Americans surveyed support trade, with all countries in the region exhibiting levels of support above 50 percent. Additionally,

with the exception of periods of severe crisis, there is no obvious backlash against globalization in the attitudes of the population, either in Latin American countries or in the rest of the world, at least through 2017. Latin Americans also tend to have positive beliefs about the consequences of trade. In particular, most people believe that trade brings with it higher employment, which is what they seem to care about the most. Many Latin Americans also associate trade with better product variety, higher wages, and lower prices.

However, pro-trade sentiments are easily swayed toward protectionism when common anti-trade arguments about the negative impacts on employment dominate the debate. The results of a survey experiment implemented in the Latinobarómetro survey for 2018 suggest that anti-trade information regarding job losses can severely erode support for trade in the region. Meanwhile, although pro-trade information about consumption-related outcomes does not have any direct impact on its own, it does help to partially counteract the negative effects of anti-trade information. Given the primacy of employment considerations, future research should examine the impact of alternative positive framings, such as the positive impact of trade on employment in export sectors, to identify whether alternative positive framings can directly impact attitudes towards trade.

Blinder (2019), writing on the political economy of trade policy in the United States, observed that support for trade was “a mile wide, but an inch deep.” Latin America seems to be no different. While the mile-wide support is reassuring, its inch-deep nature makes reform more susceptible to protectionist reversals in response to scare tactics by politicians concerning trade’s effect on employment. Countering such tactics with positive information on prices and product variety may not suffice. As this chapter has shown, people care first and foremost about employment when it comes to trade. Policymakers seeking to safeguard trade reform or to further liberalize their economies may need to counter with positive information about employment, pointing to the potential employment opportunities that can emerge thanks to access to foreign markets or the job losses that may result from losing such access. Moreover, they may want to set up programs such as the U.S. Trade Adjustment Assistance Program (see Chapter 8), which provides training and job-search assistance benefits to workers displaced by trade, or Argentina’s National Productive Transformation Program (see Chapter 9), which protects workers in uncompetitive sectors by expanding unemployment benefits and helping them transition to sectors and firms with competitive potential.

While trade advocates may take heart in the widespread support of the general population for trade, that support is tenuous at best. Policymakers must be vigilant and search for creative ways to hold on to support.

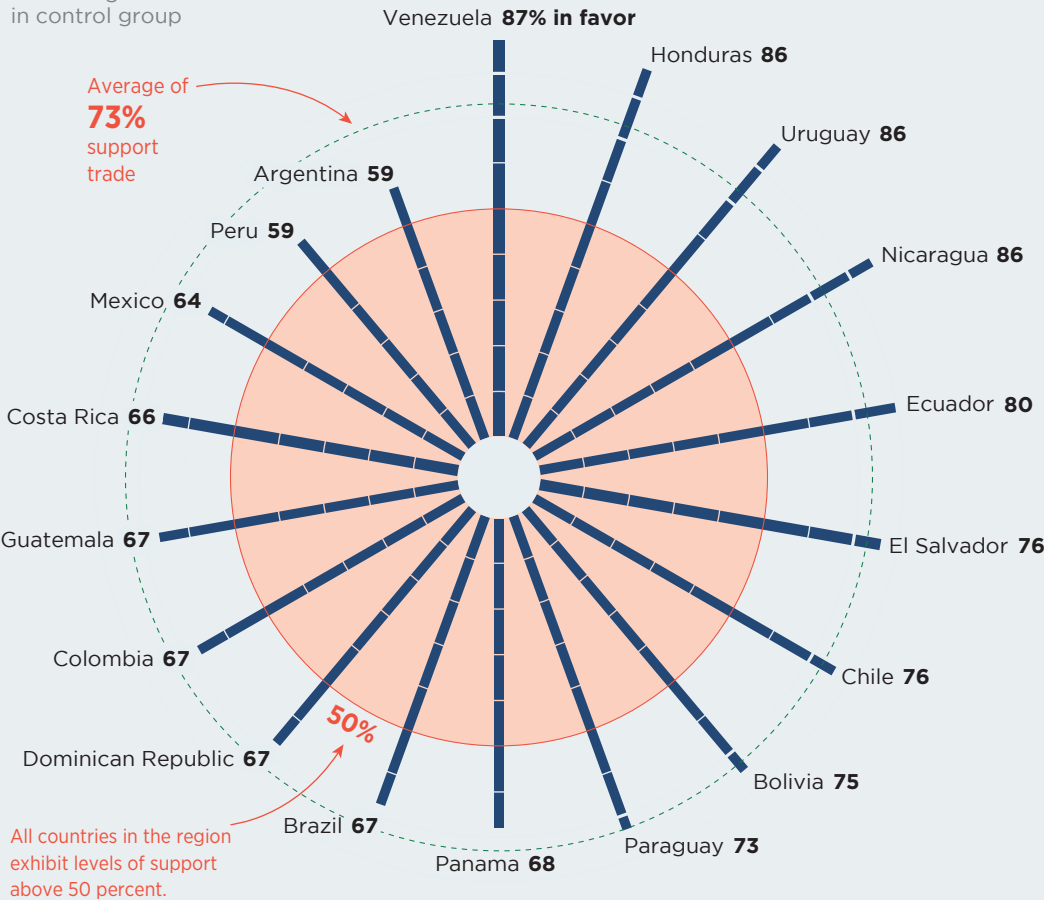
ON BOARD WITH TRADE, FOR NOW: PEOPLE’S ATTITUDE AND SUPPORT



Support for international trade in Latin America is high, with no obvious backlash against globalization in the attitudes of the population.

Support for Trade

Percentage in favor
in control group

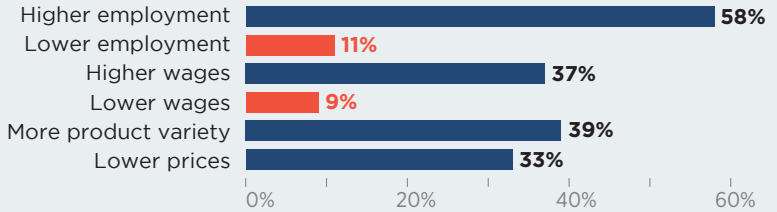


THE BOTTOM LINE

Policymakers seeking to safeguard trade reform must be vigilant of negative campaigns and may need to counter negative information with positive information about employment.

Most people believe that trade brings with it higher employment, which is what they seem to care about the most.

Beliefs about the Consequences of Trade in Latin America



THE POWER OF NEGATIVITY: FRAMING AND ATTITUDES

Support for trade among Latin Americans is a mile wide, but only an inch deep. Pro-trade sentiments are easily swayed toward protectionism when common anti-trade arguments about the negative impacts on employment are used.

Effects of Framing on Support for Trade Mean - Support for trade

In a large survey, support for trade decreased sharply depending on how the question was framed.

