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**To Trade, or Not to Trade:
Public Opinion and Trade Liberalization in Chile**

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Abstract

Public opinion polling has been a major source of information regarding opinion data from respondents within a geographical area. Trade liberalization, or reducing barriers to trade, has been a source of controversy throughout history, more recently since the world has globalized. In this paper, four social factors will be analyzed based on responses to public opinion questions to determine if these factors influence people's opinions on trade liberalization. Chile has been used as a model for successful trade liberalization in Latin America, and is the country analyzed in this paper.

The public opinion data gathered from Latino Barometer surveys will be analyzed using regressions and Pearson's correlation coefficients. The p-values will be compared at a 0.05 confidence interval and conclusions will be drawn from those results. This research could potentially be generalized to other nations within Latin America, or other countries of similar demographic and social values.

In section 1, introduction and background information is discussed. Section 2 will focus on previous literature regarding this topic, and relevant theories regarding the four social factors analyzed. The hypotheses chosen to be analyzed are outlined in section 3, followed by the research design used in section 4. The empirical data is discussed and analyzed in section 5, and finally, followed by the conclusions drawn from data in section 6.

1. Introduction

The idea of trade liberalization has gained prominence in both political science as well as economics, and can provide benefits both socially and economically to a country if it chooses to participate in a program that provides for free trade among partners or other countries. Trade liberalization organizations are a common facet of many countries, and play a prominent role in international cinema. Both of these organizations have promoted policies of free trade and the impacts of these unions have received positive feedback from those who are proponents of free trade and trade liberalization.

With an increasing movement toward globalization, Central America has been identified as more of a potential trading partner of the United States. Sarah Brooks and Marcus Kurtz discuss in their article, that Latin America has undertaken great change in the past twenty years, moving from import substitution, toward a neo-liberal economic approach (2007; 703). The creation of the Southern Common Market (commonly referred to as MERCOSUR) has decreased these trade barriers for countries in Central and South America, and allowed for more interaction and economic benefits from countries within the sphere of MERCOSUR.

Public opinion data has been extremely significant in not only determining whether or not people support trade liberalization, but also has shown that some social factors do play a key role in influencing a person's ideas and beliefs about trade liberalization. This type of polling is a main source of information for beliefs and ideas that people within a country hold. For my project, I will analyze the question: "How do social factors influence people's beliefs about trade liberalization?" The four social factors that I will analyze are level of social trust, education level, income level, and gender. In order to understand how these factors influence public opinion data, I will look at

respondents' answers to not only social questions, but to questions regarding trade liberalization as well.

This topic is important because of the changing nature and economy of the world we currently inhabit. With increased globalization, ideas and goods are being shared at a rate previously not witnessed before. The world economy never seems to “quit” or stop, so with the constant business cycle, new ideas and goods are being exchanged constantly. Secondly, the idea of trade liberalization has been a controversial issue to some people. Many see the benefits firsthand, however for some people and businesses they have only experienced discomfort at the idea of less trade barriers.

To analyze my question, public opinion data will be the best type of data to look at. Public opinion data provides an insight into a culture or group of people, as well as providing data that shows patterns within a society or group of people. This type of data will provide me with responses catered to specific questions, especially ones regarding trade liberalization. Also, public opinion surveys tend to ask for social indicators such as education level, income, gender, etc. Therefore, by using public opinion data, I will be able to analyze my question, as well as provide insight to the beliefs and ideologies of a specific section of people based on their social status and responses. Ideological beliefs are captured based on responses to a question. A person's demographic factors will influence their responses, therefore presenting their ideological beliefs. Also, early questions in studies can ask about ideologies and personal beliefs prior to asking any questions regarding support or opposition for policies.

2. Literature Review

In order to understand how a constituent's social status effects trade liberalization, we must first understand what "trade liberalization" is. Kaltenthaler, Gelleny, and Ceccoli operationalize trade liberalization as "the increased flow of goods, services, and capital across countries" (2004; 831). Trade liberalization is the movement of factors of production across domestic borders to another country or region. Factors of production that can be applied to trade liberalization are labor, capital, and entrepreneurship. It would be extremely difficult to move land from one country to another, especially if they did not share a geographical border. However, a country can provide land to another state in order to produce goods and services through "free-trade zones." So really, land can be provided but not in the sense of movement across borders.

According to Sanguinetti and Bianchi, Latin America has pursued a policy of trade liberalization since the middle of the 1980s, and as a result of this increased emphasis on liberalization, both tariffs and non-tariff barriers have significantly decreased (2006; 147). Trade liberalization is not only just movement of goods and services, but it is also the reduction of barriers to trade. By imposing trade barriers, a country only stifles its ability to trade with anyone outside of its' borders, and creates an economic policy of protectionism. Protectionism causes citizens to only purchase goods from domestic industries.

Baker states that consumers bear the burden of the inefficiencies of protected domestic industries, by paying a higher price per unit, which would be alleviated if the industry would open up to the world market (2003; 432). Secondly, the only people who gain benefits from protectionism would be the owners of the industry and those employed by the company that is protected (Baker 432). Removal of trade barriers is a major hurdle in any nation attempting to pursue a policy of free trade, but can harm the domestic industries. However, the consumer will

be able to be a more competitive player in the market due to relatively lower prices on goods (Baker 431). Opening up of trade allows a nation to trade or purchase goods and services at a relatively lower price than what they can produce domestically.

According to the Heckscher-Ohlin model, a country will export a good that requires a factor of production that the country is relatively abundant in. The counter to this is that a country will import goods that require a factor of production that a country is relatively scarce in. In Latin America's case, they are relatively abundant in land and labor, but scarce in capital (Baker 430). Assuming that these are true, Latin America countries should pursue free trade and export goods and services that require land and unskilled labor. They should import higher capital goods as well as skilled labor. Baker also believes that through trade liberalization, wages should increase for agricultural workers as well as unskilled laborers (2003; 430). These workers will receive higher wages due to more output being produced for not only domestic consumption, but for international trade as well.

Avery and Cochrane has stated in their journal that through organizations such as the Latin American Free Trade Association (LAFTA) and the Central American Common Market (CACM), almost all trade barriers that once stood in Latin America have been eliminated in pursuit of a free trade policy (1972; 85). With the continuing institution of other liberalized trade associations in Latin America, any trade barriers that still currently exist should be rescinded as Latin America moves toward true regionalized free trade. Also, Avery and Cochrane continue to say that this movement toward integration has not dramatically changed the region economically or has been due to economic fluctuations and shortcomings in the area's economic status (1972; 85). Finally, Avery and Cochrane have noted that major benefits have come out of Latin America's policy of trade liberalization. One of the major benefits that has begun is a common tariff for the region,

when importing goods or services from outside the regional trading block (1972; 85). These benefits have stemmed out of the formation of the Andean Common Market, formed in 1966, and have superseded many of the benefits thought to have been gained from the LAFTA agreement (1972; 87).

One of the two objectives of the ACM is to promote balanced and fair trading procedures for member states, as well as promoting economic growth and potentially ensuring states all can compete on a competitive stage (Avery and Cochrane 1972; 89). Through a policy of trade liberalization, this is the long term growth we should hope to see for all countries entering into a trade agreement, especially one of regional nature. Countries do not enter into trade agreements unless they have something to gain from the agreement.

Although trade barriers will be reduced through trade liberalization, Sanguinetti and Bianchi argue that another hurdle a nation will face is whether or not their workforce and infrastructure is ready to compete in the world market (2006; 147). Sometimes a nation is not at the technological level to compete with other nations. Even if trade becomes open, a country still may produce an identical good at a lower cost or more efficiently than the recently liberalized trading country. A surge of trade is expected to follow when a country implements a policy of free trade (Sanguinetti and Bianchi 147). A country will need the necessary infrastructure and workforce to adequately handle a policy of free trade, or it will suffer and not be competitive in the world market.

Because a country may not be competitive in the world market, regional trading blocks are set up to provide countries within a geographical region the ability to trade with other countries within the same area free of tariffs and barriers. Low lists a number of current regional and geo-economic trading groups in her analysis of trade liberalization in the Asia-Pacific region (2004;

6). Low continues on to state that these continued efforts at regionalized trading blocks carry a stronger political economy and sense of security than bilateral or multilateral trading agreements with countries much farther away from the home country (2004; 6). By creating agreements within a geographical region, countries can maintain a sense of security and fairness in trading since they are mostly interacting with other countries that are similar in economic status, or that they have built a positive rapport with before. This creates a higher idea of security since sometimes the countries share a geographical border with each other.

If a country were to follow through with a regional trading block scenario, one of the first issues is the idea of exchange rates and a common currency. Similar regional trading unions, such as the European Union, have a defined and common currency among all member states. In this case, the Euro ensures that prices will be consistent no matter which country trades for what good from another member state. This is also to say that the German Euro will be worth more than the Spanish Euro. Consistency is key when looking at regional trading agreements. In the case of Latin America, some countries have already adopted the US dollar in a form of *de facto* dollarization (Hira and Dean 462). These countries are Ecuador, El Salvador, and Guatemala. Essentially this means that the government has either made the US dollar the official legal currency alongside its already existing currency, withdrawn all past currency and replaced it with the US dollar, or has completely stated that the only currency they will work in is the US dollar. Countries can also ‘peg’ their currency to the US dollar in hopes of propping up their currency, or to make it easier to trade abroad by creating an exchange ratio that involves the US dollar.

However, if a country were to dollarize, the government gives up exclusive rights of modifying the exchange rate for their home currency (Hira and Dean 462). This may hurt the competitiveness of the country by creating situations where they may want to devalue their

currency and be unable to due to the pegged rate given by the US dollar (Hira and Dean 462). With negatives to dollarization, there are also positives. By dollarization, trading between countries becomes less risky and allows for consistent transaction costs as well as less risk when converting currency so that the country can deal in either its home currency or the currency of the trading partner (Hira and Dean 462). Through dollarization, a country can gain not only the reputation of a stable and consistent currency, but they can ease their own strife when working with countries outside of their regional trading block.

Chile has been an interesting case when looking at trade liberalization. Prior to Pinochet gaining power, the communist dictatorship of Allende was completely against free trade. However, upon Pinochet and his military becoming the party in power, Chile flourished under Pinochet's policies and implementation of trade liberalization.

According to Edwards and Lederman, they both believe that Chile is a model for trade liberalization working in Latin America (1998; 1). Chile first implemented its trade liberalization policies under the dictatorship of Augustin Pinochet in the 1970s. This idea was given a negative connotation since dictatorships usually do not promote the idea of free trade. However, since the institution of these liberalization policies, Chile has grown at an average of 7 percent per year, inflation annually has declined to approximately 6 percent, and the unemployment rate is just 5 percent above the current labor force (1998; 1). Also, Edwards and Lederman have stated that Chile has broken down restrictions on trade as well as degrading a former average tariff rate beyond 100% to a uniform tariff structure of 10% post liberalization (1998; 1). Looking at Chile as a case study, these are all inclinations or notions that the liberalization policy is working in Chile. They have promoted all necessary conditions that coincide with a trade liberalization policy, and in theory have the numbers that should accompany a policy of this magnitude.

Continuing on the trend of Chile, Agosin and Ffrench-Davis have gone as far to say that through these liberalization policies under Pinochet, Chile has become one of the most open economies in the world by the end of the 1970s (1997; 9). Also, both authors agree that there is a most efficacious way to open up a formerly closed or somewhat open economy to complete openness. According to Agosin and Ffrench-Davis, the most efficacious method of opening up an economy is to (1) do not deteriorate or destroy the existing capacities and infrastructure of the nation and (2) to promote effective switching of industries and firms to compete in the world market (1997; 12).

In general, they continue with that this has not been the process or focus of Latin American countries (Agosin and Ffrench-Davis 1997;12). Agosin and Ffrench-Davis provide three reasons as to why Latin America chose differently than the methods outlined above. For one, protectionism is a very real situation especially in Latin American countries (Agosin and Ffrench-Davis 12). Protective measures are undertaken by many governments in order to solidify the domestic producers and maintain employment for these industries. Secondly, they state that trade is growing slowly and regional trade block formation is being observed but implemented at a slow rate (Agosin and Ffrench Davis 12). The time that countries decide that a regional block should be implemented, to the time that each country ratifies the necessary provisions can take years. Also, a country may not immediately make an impact on the world market, because some countries may not want to trade with a Latin American country even though the borders are now open to free trade. Third, in order for this process to be expedited substantially, governments must effectively allocate resources and factors of production, and must also decide what goods and services to specialize in (Agosin and Ffrench-Davis 12). A country may not immediately receive benefits from trade due to a glut in the already existing market in the goods or services that this country wants

to export. Also, if technological innovation in a specific market is lacking or consistent across already existing trade partners, then countries are more likely to trade with existing and time-tested partners rather than the 'new kid on the bloc' (Agosin and Ffrench-Davis 12).

Another reason that benefits may not be immediately gained from globalization and trade liberalization is due to the time it takes for a cohesive and consistent policy to be implemented. Brooks and Kurtz argue that in order for a policy to be passed, a country must first diffuse majority beliefs about the negative outcomes of trade liberalization, and secondly build coalitions of constituents that can stand behind the policy and show the benefits as opposed to the costs (2007; 705). A government will not support a policy of liberalization if their constituents are not behind the proposed bill or amendment. Brooks and Kurtz continue on to state that since costs of opening up trade are experienced immediately, the growing opposition may begin a campaign against this proposed policy immediately after there are losses and will continue to grow unless benefits are experienced (2007; 705). There will be a time in which growth continues to decline, until a country can establish itself in the world market. Constituents should understand that this will happen, but the growth following the liberalization of trade will surpass those small costs incurred during the beginning stages of implementing a policy of trade liberalization.

Maximization of utility is another concept that should be touched on. Rational individuals and constituents within a system should expect to maximize personal utility and realize gains from policies or implementations that their domestic government makes, especially in terms of trade.

In order to show that citizens, based on their individual social status and factors either support or reject the idea of trade liberalization, public opinion data will provide me with the opportunity to analyze this question. Also, public opinion polling allows an individual to look

across a group of respondents for similarities and common themes based on social factors as well as responses to questions.

Public opinion polling is a central tenet of most political systems. In order for a government to gauge the ideologies of its constituents, the government will either look at public opinion polling data conducted by an outside entity, or will engage in their own public opinion polling. Leeper and Slothuus wrote in their study that comprehension of public opinion polling and results are absolutely crucial for a government to create and implement effective policy (2014; 150). The world is a partisan entity. In order to understand how the public feels about certain issues, public opinion polling is crucial when looked at through a non-partisan point of view (Leeper and Slothuus 150). A government has a valuable resource at its disposal, and the results can be extremely crucial to great policy depending on the emphasis that the government places on public opinion data.

Walter elaborates on this point of view in his article, stating that in the United States public opinion at the domestic level is significant (2015; 213). Walter continues to state that especially the United States uses public opinion data to modify or change the government's position on an issue, or to formulate and sculpt policy based on the ideologies and interests of the public (2015;213). The main point of Walter's article is that public opinion is a major avenue for political involvement in many democratic countries. Also, the importance of public opinion polling on the formation of policy is great, and should be taken into consideration by governmental entities. Walter also makes a compelling point in that public opinion data collected before all the facts have come out regarding a foreign policy situation is more likely to emphasize very hard ideas and ideologies regarding the policy (2015; 213). However, as more data comes out regarding the situation, people are more likely to change their opinion in regards to the potential policy (2015;

213). Public opinion polls should be taken frequently, especially when the policy wanting to be implemented has a lasting impact across a large portion of constituents.

Public opinion data has been collected on other subjects as well, and Balestrini proposed that two factors I am also looking at influence public opinion data of globalization. Balestrini received significant results in both the education level and occupation (income level) change the public's view of globalization (2014; 19). However, Balestrini looked deeper and found that both of these factors also influence public opinion data when compared to the national socio-economic status of a nation (2014; 19). Balestrini also found that when socio-economic conditions are favorable within a nation, more positive and affirmative results are found when looking at public opinion data (2014; 19).

Public opinion carries a high importance in both creating a route for policy-makers to understand the ideas and ideologies of their constituents, as well as constituents being able to show government how they feel with the current state of affairs. Public opinion polling should not be overlooked as just another survey; however, it provides extremely crucial information across a society.

The argument provided by Schneider et al. gives two major reasons that public opinion polling is so crucial. The first reason is that public opinion polling takes into consideration situational attributes, analyzes stability, and specifics of situations (2014; 214). The second major reason that public opinion data is so important is that public opinion data provides reliability and importance of the instrument that a poll is taken over (Schneider et al., 214). Essentially public opinion polling will give a reliable estimate of whether or not a policy or course of action is working, and is reliable according to those who are effected by said policy. Public opinion polling

is just one way to measure this, yet provides many reliable results that are looked at by many government entities.

After looking at public opinion as a crucial part of policy-making and implementation, the variables for this project must be reviewed. Each variable plays a crucial role in how public opinions are affected, as well as how the individual views on trade liberalization are impacted.

Income level tends to impact a person's view on trade liberalization. Hiscox states that anti-trade and globalization opposition tends to be most likely among blue-collar workers (2006; 755). Looking at the evidence produced by Hiscox, an inference can be made that blue collar workers tend to be most opposed to liberalization due to the fact that their line of work can be replicated and produced elsewhere. Blue-collar work requires a significantly lesser amount of education than a white-collar worker.

Beaulieu, Benarroch, and Gaisford provide the idea that since skilled workers have more to gain from trade liberalization and oppose protectionism in intra-industry trade because skilled workers gain from the plight of unskilled workers due to discrepancies in the level of technical skill (2003; 579). These three authors provide empirical evidence using the Stolper-Samuelson theorem, assuming that returns are constant and the market is competitive for labor. Beaulieu, Benarroch, and Gaisford state that because of the Stolper-Samuelson theorem, higher skilled workers will see more benefits stemming from trade liberalization assuming that the service being traded is a high-skilled good or service (2003; 592). Their theory of unskilled labor being easily replaced is correct, but that high skilled labor cannot be replaced as easily due to technical training and education. Also, skilled labor tends to have higher incomes than that of unskilled labor. In conclusion, Beaulieu and his colleagues confirm that skilled workers are in fact more likely to oppose protectionist measures and promote trade liberalization (2003; 592). They also state that a

level of intra-industry trade is necessary to understand to what extent skilled workers will support protectionism (Beaulieu, Benarroch, and Gaisford 592).

Kaltenthaler, Gelleny, and Ceccoli continue on that higher levels of income lead to higher support of trade liberalization (2004; 835). The rationale provided by these three authors is that lower income people do not have the necessary conditions to achieve utility in a highly competitive market, an effect of increased international trade (Kaltenthaler, Gelleny, and Ceccoli 835). Therefore, since higher income constituents can compete effectively in the international marketplace, and purchase the newly imported goods and services, they are more likely to support free trade as opposed to those who cannot gain benefits from free trade. Also, since lower income people are not currently doing well in the previous marketplace, they assume that they will not do well in a more liberalized market.

Another key point derived from this article is that higher incomes lead to more investment and consumption in the market. People who identify as 'higher class' may be inclined to spend more and invest more due to the lessening of restrictions on imports (Kaltenthaler, Gelleny, and Ceccoli 835). Branching off of this idea, the level of preferences that a consumer has may influence whether or not they support trade liberalization. Higher incomes lead to costlier preferences in terms of goods and services. For example, a higher income person in Chile may desire a German or European car. Through a lessening of trade barriers, they can receive the car at a lower or more reasonable price than previously thought. Also, the price will be more representative of the price in Europe because there will be no tariffs or additional taxes added on to the price of the car. The costs incurred in this scenario will be transportation costs, which are to be expected.

Another social factor that influences a person's views on trade liberalization is education level. Kaltenthaler, Gelleny, and Ceccoli continue on to discuss that higher levels of human capital

will also support increased levels of trade liberalization (2004; 834). Also, higher levels of human capital will stand to benefit those with such traits, and efficient competition within the international economy only furthers the utility of skilled workers as opposed to unskilled workers (Kaltenthaler, Gelleny, and Ceccoli 835). Essentially, higher skilled employees and individuals will desire participation in the international market because of their skill set. Allowing people to move goods and services across borders without barriers will create a system in which firms and companies desire to profit from these decreased barriers as well as maximize utility through the ability of decreased barriers.

The third factor that can influence a person's view on trade liberalization is the level of social capital. Social capital is defined as the networks of relationships between people that allow society to function in the most effective manner possible. Kaltenthaler and Miller have shown that there is in fact a link between levels of social capital, and whether or not a person will support or oppose trade liberalization (2013; 789). Likewise, individuals with higher levels of social trust tend to have higher incomes and social status, along with higher levels of education tend to also support trade liberalization (Kaltenthaler and Miller 789). As shown above, individuals with both higher income and higher education tend to support trade liberalization. The addition of the social capital variable stems out of personal experiences. Experiences drive whether or not a person is generally trusting of people and other nations. If a person has had generally positive experiences with people from other nations, as well as a generally well standard of living, then they are more likely to be trusting of others. Also, people who have employment situations that require them to work with people and colleagues a lot build trusting relationships with others and allow the to be more trusting of others.

Maurice Schiff states that because of social capital, immigrants and movement of labor will be skewed toward countries that people share social trust with (2002; 104). Additionally, Schiff proposes that migration will cause external conflicts within a society, and that this is not optimal for either country (2002; 104). Trade liberalization will make it easier for goods and services to be moved from one country to another. This coincides with the movement of labor, with many regional trading blocs also allowing for free movement of labor.

The final social factor to be analyzed is gender. Gender plays a role in determining support for trade liberalization in the sense that each gender identifies in some way with his or her status in the economy. According to Acosta and Gasparini, investment and wage inequality in Argentina has experienced one of the largest pay gaps since the 1990s (2007; 793). During this period of time, Argentina also experienced accumulation of capital stock as well as changes to technology as well as advancement in the industry. Acosta and Gasparini also note that there are discrepancies in wages between skilled and unskilled workers, as well as between male and female employees (2007; 794). This idea is not uncommon, and has been noted in many countries throughout the world. Pay for male employees has exceeded pay for female employees in the same trade or industry.

A similar situation is occurring in Chile. Beyer, Rojas, and Vergara note that increases in labor-intensive goods are causing wage discrepancies within the Chilean economy (1999; 103). Beyer, Rojas, and Vergara give reasoning behind this issue due to the socialist policies of President Allende in the early 1970s, stating that Allende drove the Chilean economy into a very large public deficit (1999; 104). They continue however, to say that the military government under the rule of Pinochet reformed the economy, and allowed the market to truly take control as opposed to the Marxist ideals of Allende which required state owned factors of production (Beyer, Rojas, and

Vergara 104). Pinochet revolutionized the Chilean economy, dropping tariff rates from anywhere between 150% and 750% for luxuries to a meager 10% by the end of the 1970s, and formed trade liberalization policies that would continue on for decades after (Beyer, Rojas, and Vergara 104). Overall, Beyer et al. state that a wage discrepancy between genders in Chile is a significant factor that still is an issue in the country today. The rising wage gap between men and women in Chile can be for a number of reasons, one being that women tend to participate in “stay at home” roles as opposed to men who tend to work and act as primary income earners.

In conclusion, Beyer et al. notes that increased in education level tends to reduce wage inequality within the domestic borders of Chile (1999; 122). However, I will say that trade liberalization could have been a more prominent factor instead of increases in education. Trade liberalization would have made Chilean goods more competitive, and allowed for a larger market than just the domestic economy. By opening up trade to the world rather than just who Chile chooses, Chilean output and wages could have increased creating a more streamlined and consistent wage picture than that of during the Allende reign.

In addition, Jacqui True notes that some current trade agreements do not take into account the effects that these agreements have on employment situations of women (2009; 742). Rather, governments are only looking at how the agreements benefits the entire country, rather than at the individual level. True states that free trade agreements take only the labor force into account, and not the individual genders of its laborers when looking at the efficacy of a trade agreement (2009; 742). The suggestion posed by True is that gender neutral trade agreements only diminish the economic influence and activity of women, and that gender specific trade agreements need to be implemented with more emphasis in order to protect all workers’ rights and not just those of the male employees (2009; 742).

Another suggestion of True is that agreements need to focus primarily on monitoring social and economic impacts of agreements, elimination of differential treatment based on gender, formation of gender specific sectors of industry, support for exporters who are primarily women, and how to adequately adjust past policies to create coherence between trade agreements and human rights (2009; 742). Looking at the future, True is correct in her statements. There is a very small gap in industries primarily dominated by men. Essentially in today's world, there exist very few careers where men are significantly dominating the industry, as had been previously in some fields such as medicine, engineering, and law.

However, Zadia M. Feliciano disagrees with these notions and that liberalization of trade has no effect on relative wages and unemployment (2001; 95). Feliciano sides that there may have been other factors in Latin America during 1986 to 1990 that caused a discrepancy in wage dispersion (2001; 112). Feliciano states that factors such as the decline of real minimum wage or unions conceding to demands caused the inequality in wages during this period (2001; 112). Feliciano attempts to make an argument for wage gaps without gender. Her attempt at this is incorrect due to the small scale actions causing large wage gaps. Wage gaps are primarily caused by cleavages across a nation. Declines in minimum wage or union concessions may only impact a small proportion of the population. However, wage discrepancies caused by gender stereotypes and roles effect larger portions of the population.

Kaltenthaler, Gelleny, and Ceccoli note that women are primarily the first employees to be laid off during a period of economic trouble (2004; 836). They also note that women are more supporting of guaranteed income and equal wages, as opposed to men in similar industries (2004; 836). Women may fear that cultural norms may prevent them from finding another job, or that they are always going to be the first people cut in times of economic downturn. Also, Kaltenthaler

et al. notes that women are often employed in lower skill and lower paying jobs as opposed to men (2004; 836). This discrepancy may be due to educational opportunities within a given country, cultural norms, or work hours desired by potential employers. Women may have duties outside of work such as caring for family members, maintenance of a home atmosphere, or children that require supervision during normal business hours. Some cultural norms dictate that men are supposed to be the primary source of income, but women may have to work outside of the male's income due to factors such as poverty, low wages, or other costs that vary based on family and lifestyle.

Overall, women tend to be less supportive of trade liberalization because they want to protect their own interests. Women may feel less competitive in the international market, and may not be able to gain the same utility as men when looking at potential jobs and situations posed by reduction of trade barriers and migration of labor.

Social trust plays a crucial role in determining whether or not a respondent will support trade liberalization. Kaltenthaler and Miller present their finding in their paper, and find that since trade liberalization is a form of foreign interaction, lower levels of social trust will lead to less support for trade liberalization (2013; 789). The opposite to this idea is that people with higher social trust tend to support trade liberalization. The underlying assumption with this course of thought is that trade liberalization works most effectively when people work in conjunction with others. If an importer in Chile has high social trust, they will be more likely to engage in trade as opposed to an importer who has low social trust. Consequently, this applies to the general public as well. People with high social trust will feel that they have more to gain through trade liberalization as opposed to those with low social trust.

Kaltenthaler and Miller make the point that social psychology does play a role in determining views regarding support for trade liberalization (2013; 789). Social psychology is just one factor of many that can determine a person's beliefs on trade liberalization. However, social psychology is one of the most important factors along with education in determining support levels (Kaltenthaler and Miller;2013;789).

With theoretical and empirical research in mind, hypotheses can be formed with the four aforementioned social factors. For my independent variables, I will be looking at the four social factors outlined above. The four factors are education level, income level, gender, and level of social trust. I will look at each of these four factors and how these individual social factors influence whether a person responds favorably or unfavorably to public opinion questions regarding trade liberalization.

3. Hypotheses

Based on my research I have developed four hypotheses. The first hypothesis regards education level:

Hypothesis 1: *As education level increases, then support for trade liberalization will increase*

Second, the higher a person's income, the more likely they are to support trade liberalization. As a person gains more income, they can participate more effectively through the consumption and investment channels in the newly liberalized trade system. With this assumption in mind:

Hypothesis 2: *As income level increases, support for trade liberalization will increase*

Third, men are more likely to support trade liberalization policies. Consequently, women are less likely to support trade liberalization policies and more likely to support protectionist measures, positing that:

Hypothesis 3: *Gender of a respondent will effect support for trade liberalization*

Finally, the higher level of social trust that a person has, the more likely they are to support policies of trade liberalization. People with high levels of social trust are generally more trusting of others, therefore would be more supportive of free trade policies within their country. The hypothesis was formulated along this vein:

Hypothesis 4: *Higher levels of social trust lead to higher levels of support for trade liberalization*

Among the variables, minus gender, they are all positive relationships. Therefore, higher levels of x yield higher levels of y. Since gender is not a numerical example, it is neither a positive or negative relationship.

4. Research Design

For my project, I plan to analyze Chile as my country of interest. I decided to use Chile because it was mentioned previously that Chile has been the model for trade liberalization since the 1980s. Secondly, I plan to use Chile as my country of interest due to the large amount of scholarly writing that focuses on wage inequality in Chile. Also, I think that Chile would be a good country to analyze due to Chile's involvement with the Andean Common Market, the Latin American Free Trade Association, and MERCOSUR. Chile is involved with the three biggest regional trading blocks in Latin America.

I have decided to look at data for two different years, 1997 and 2010. In the 1997 data set, my sample size is equal to 1058 respondents. In the 2010 data set, my sample size is equal to 1042 respondents. Both sample sizes are large enough, and the data sets have been cleaned to remove any 'Don't Know/No answer/Refused' data points from the overall sample size.

Each response has been coded with the appropriate number for the correct response. By taking a data set from Latino Barometer and cleaned it, I have two samples to analyze. I plan on analyzing the data through a regression analysis. I will receive a correlation coefficient to determine how significant the variables are.

This method is considered a quantitative approach. As stated earlier, I will run a regression to determine a correlation coefficient. This coefficient will determine if the two variables produce a statistically significant result. If a coefficient is considered statistically significant, then my data proves my hypotheses to be correct. If the data does not provide statistically significant results, then either the data is not representative or my hypotheses are wrong for the data sample I chose.

The method I will use to collect my data is through public opinion polling data. I have chosen two questions that model social trust, and support for trade liberalization. These questions were asked in both the 1997 survey and the 2010 survey. Then, I have used Latino Barometer's demographic features to model the responses for trade liberalization support to the corresponding social factor. This method is appropriate because it allows me to look at an entire country and how people in that country responded. Secondly, it allows me to compare data especially when looking at social factors. The data was taken from two datasets from Latino Barometer. Latino Barometer conducts public opinion polling for countries in Latin America. I chose two surveys that included the exact same questions, as to keep the questions controlled across samples.

5. Analysis

For my analysis, a linear regression will be used to determine whether or not the variables chosen are statistically significant. Statistical significance will be determined if a certain social factor can determine whether or not a person supports or rejects trade liberalization. Two appendices have been included at the end of this paper. Appendix A is for the 1997 data set, while Appendix B is for the 2010 data set. Both data sets were obtained through Latino Barometer's public opinion data of Latin America. The Pearson's correlation coefficient will be used to determine this, with a positive 1 meaning perfect positive correlation and a negative 1 meaning a perfectly negative correlation. A negative Pearson correlation coefficient would mean that as Y decreases, X increases. I will also look at the p-values when running a statistical test with a 5% confidence interval. Therefore, if a p-value is smaller than .05, that is deemed to be statistically significant.

Across both data sets, support for trade liberalization was generally favorable. In the 1997 data set, 18.7% of highly trusting people said that they are favorable toward trade liberalization as opposed to 81.3% of less trusting people. In the unfavorable category, 16.2% of high trusting people say that they do not support trade liberalization while 83.8% of low trusting people do not support trade liberalization. The data is relatively similar in 2010 with 17.3% highly trusting people supporting trade liberalization, and 82.7% of cautious trusting people supporting trade liberalization. As per unfavorable support, 16.8% of high trust people do not support trade liberalization, as well as 83.2% of low trust people not supporting trade liberalization. Looking at the data from both 1997 and 2010, the data provided a Pearson correlation coefficient of 0.020 and 0.004 respectively. As for the significance value, data from 1997 gave a p-value of 0.263 and 2010 gave a value of 0.454. These results are both not statistically significant. These values for Pearson's

coefficient are very close to zero indicating no correlation between IV and DV, and the p-values were both higher than 0.05 which indicates statistical significance.

As per gender, in 1997, 45.5% of males and 54.5% of females supported trade liberalization. On the opposite side, 49.5% of males oppose trade liberalization as well as 50.5% of females sampled. Therefore, both and males and females tend to support trade liberalization about equally. These results are also similar for the 2010 data; just as social trust data was similar across the two time periods. After running the data through a linear regression, the correlation coefficients for 1997 and 2010 respectively were -0.025 and -0.040. Both of these correlations are considered not statistically significant as they are close to zero which indicates no correlation. Also, the p-values for this variable were .210 and .100. Both of these values are larger than .05 further determining that these results are not statistically significant.

For income level, I framed the data through the employment situation of each respondent. There are seven different employment situations, however I would like to just touch on a few interesting points. Salaried employees in private companies are generally favorable of trade liberalization. This is an idea that we saw in the literature review. Private companies tend to pay employees higher than public companies, allowing the employee to be a more effective competitor in the market. Secondly, students also tend to be generally more supportive of free trade. I believe that this is due to higher levels of education, driving their ideas of free trade and a free market economy. Even self-employed workers are supportive of trade liberalization. This data was again run through SPSS and upon analysis of the two Pearson correlation coefficients, they were -0.023 for 1997 and -0.019 for 2010. Both p-values also exceeded the threshold of 0.05 with 1997 yielding a value of 0.223 and 1997 and 2010 generating a value of 0.269. These values both exceed the desired 'p' so this result is also statistically not significant.

Finally, education level should predict whether one supports trade liberalization or not. Across the data, illiterate respondents recorded the most opposition to trade liberalization. After performing analysis on this social factor, an interesting result appeared. For the 1997 data, a Pearson's coefficient of -0.060 was recorded, however a p-value of 0.026 was also produced. This p-value is significant. The data was run at a 5% confidence interval requiring that the p-value be smaller than 0.05 to be considered significant. The data for 2010 was not as promising. The correlation coefficient for 2010 was -0.022 which is very close to zero rather than negative one. The p-value for this data series was 0.236 which is beyond the 0.05 threshold.

The data from 1997 proved to be significant, with education determining how a person would feel about trade liberalization. As the education level increased within the 1997 data set, support for trade liberalization grew to become more favorable. With the coding of the 1997 data set, the negative Pearson's correlation can only be explained when looking at how the data was coded, with a positive 1 being equal to unfavorable support and a 0 being representative of favorable support.

Overall, data shows that people regardless of social factors tend to support trade liberalization. The lowest percentage of support that I calculated was illiterate respondents in the 1997 data set. However, across both data sets, similar results were produced seeing no real difference other than a few points in any comparison between the 1997 and 2010 data.

6. Conclusion

In conclusion, respondents generally support trade liberalization across the board. Most percentages for those who supported trade liberalization were between 80% and 90% of respondents for any given category.

Looking at my hypotheses, they were refuted in all cases except for one. The education level data from the 1997 survey produced a correlation coefficient of .051. This is the most statistically significant result that I received after performing cross-tabs and regressions on this data. One explanation I have for as to why my data was not correct, is that this data is much after the initial policies were implemented. If I were to find similar data from the 1970's or 1980's, then I am sure it would better fit this model.

One conclusion I can draw from the research is that education level does influence people's opinions on trade liberalization. Even a singular set of data shows that in 1997, people's opinions were driven by their education level when it came to trade liberalization. People with higher levels of education, in this case either secondary or higher education, were more likely to support trade liberalization as opposed to those who were illiterate or had only completed a primary form of education.

There are other avenues for research. This topic is something that is continually gaining prominence as the world continues to globalize. Also, other social factors such may influence support for trade liberalization. Some factors to consider for future research would be whether or not a respondent was directly involved in international trade, or simply produced domestically. Secondly, if a person had previously been positively or negatively affected by trade could influence their ideas on continued trade liberalization. More funding and time would be necessary to conduct more intensive and detailed polling and research. The timing that a poll is conducted could also influence results. A poll conducted just after a trade liberalization policy is implemented could produce much more accurate results than a poll conducted many years after. Continuing on, polls conducted immediately after implementation could have skewed results due to the lag between implementation and collection of benefits from a trade liberalization policy. The benefits from

trade liberalization may take months or years to appear to those affected, so the timing of the poll must coincide with when benefits have been acknowledged. People seem to be more apt to discuss topics such as trade liberalization soon after the policy is implemented, but a poll that can adequately convey proper and well-thought out ideas regarding trade liberalization is ideal.

Appendix A: Descriptive Statistics and Correlations (1997)

Descriptive Statistics

| | Mean | Std. Deviation | N |
|-----------------------------------|--------|----------------|------|
| DV | 0.1049 | 0.30659 | 1058 |
| Interpersonal Trust | 1.82 | 0.388 | 1058 |
| Respondent's sex | 1.54 | 0.499 | 1058 |
| Respondent's employment situation | 4.00 | 1.970 | 1058 |
| Respondent Education (recoded) | 4.62 | 1.464 | 1058 |

Correlations

| | | DV | Interpersonal Trust | Respondent's sex | Respondent's employment situation | Respondent Education (recoded) |
|---------------------|-----------------------------------|--------|---------------------|------------------|-----------------------------------|--------------------------------|
| Pearson Correlation | DV | 1.000 | 0.020 | -0.025 | -0.023 | -0.060 |
| | Interpersonal Trust | 0.020 | 1.000 | 0.056 | -0.033 | -0.053 |
| | Respondent's sex | -0.025 | 0.056 | 1.000 | 0.429 | -0.045 |
| | Respondent's employment situation | -0.023 | -0.033 | 0.429 | 1.000 | -0.046 |
| | Respondent Education (recoded) | -0.060 | -0.053 | -0.045 | -0.046 | 1.000 |
| | | | | | | |
| Sig. (1-tailed) | DV | | 0.263 | 0.210 | 0.223 | 0.026 |
| | Interpersonal Trust | 0.263 | | 0.035 | 0.139 | 0.042 |
| | Respondent's sex | 0.210 | 0.035 | | 0.000 | 0.073 |
| | Respondent's employment situation | 0.223 | 0.139 | 0.000 | | 0.068 |
| | Respondent Education (recoded) | 0.026 | 0.042 | 0.073 | 0.068 | |
| | | | | | | |

Gathered from Latino Barometer Survey 1997

Appendix B: Descriptive Statistics and Correlations (2010)

| Descriptive Statistics | | | |
|-----------------------------------|--------|----------------|------|
| | Mean | Std. Deviation | N |
| DV | 0.0912 | 0.28799 | 1042 |
| Interpersonal Trust | 1.83 | 0.378 | 1042 |
| Respondent's sex | 1.52 | 0.500 | 1042 |
| Respondent's employment situation | 4.03 | 1.894 | 1042 |
| Respondent Education Summary | 4.71 | 1.496 | 1042 |

| Correlations | | | | | | |
|---------------------|-----------------------------------|--------|---------------------|------------------|-----------------------------------|------------------------------|
| | | DV | Interpersonal Trust | Respondent's sex | Respondent's employment situation | Respondent Education Summary |
| Pearson Correlation | DV | 1.000 | 0.004 | -0.040 | -0.019 | -0.022 |
| | Interpersonal Trust | 0.004 | 1.000 | 0.055 | 0.026 | -0.015 |
| | Respondent's sex | -0.040 | 0.055 | 1.000 | 0.343 | -0.050 |
| | Respondent's employment situation | -0.019 | 0.026 | 0.343 | 1.000 | -0.139 |
| | Respondent Education Summary | -0.022 | -0.015 | -0.050 | -0.139 | 1.000 |
| Sig. (1-tailed) | DV | | 0.454 | 0.100 | 0.269 | 0.236 |
| | Interpersonal Trust | 0.454 | | 0.039 | 0.201 | 0.311 |
| | Respondent's sex | 0.100 | 0.039 | | 0.000 | 0.054 |
| | Respondent's employment situation | 0.269 | 0.201 | 0.000 | | 0.000 |
| | Respondent Education Summary | 0.236 | 0.311 | 0.054 | 0.000 | |

Gathered from Latino Barometer Survey 2010

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