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Preferences for Protectionism: Do economic factors really matter?

Natalia Melgar, Juliette Milgram, Máximo Rossi

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PREFERENCES FOR PROTECTIONISM:

DO ECONOMIC FACTORS REALLY MATTER?

Natalia Melgar

Juliette Milgram

Máximo Rossi

Abstract

A common scenario for international commerce is the existence of restrictions on free trade, even when the majority of economists agree on the benefits of it, whatever the country's size or whatever the country's economic development. In contexts where politicians offer different policy options and voters demand them based on their individual preferences, one may ask what determines individual preferences on trade policy; which economic, cultural and social elements shape them. Our goal in this paper is to address this issue for a heterogeneous sample of thirty four countries which includes developed and developing countries and small and big ones.

In this paper we used data from the 2003 *International Social Survey Program* (ISSP). Based on an ordered probit model, we conclude that elements such as religion, political preferences, and nationalism, as well as demographic characteristics and country performance, have a significant impact on trade policy preferences.

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Natalia Melgar Departamento de Economía Facultad de Ciencias Sociales Universidad de la República Uruguay José Enrique Rodó 1854 e-mail: nmelgar@decon.edu.uy	Juliette Milgram Universidad de Granada, F.C.C.E.E. Departamento de Teoría e Historia económica España e-mail : jmilgram@ugr.es	Máximo Rossi Departamento de Economía Facultad de Ciencias Sociales Universidad de la República Uruguay José Enrique Rodó 1854 e-mail : mito@decon.edu.uy

Resumen

Un escenario común en el comercio internacional es la existencia de restricciones al libre comercio, aún cuando la mayoría de los economistas están de acuerdo con sus beneficios, para países de distinto tamaño y nivel de desarrollo económico. En contextos dónde los políticos ofrecen diferentes opciones de políticas y los votantes las demandan en base a sus preferencias individuales, se podría preguntar qué determina las preferencias individuales sobre las políticas de comercio y cuáles aspectos económicos, culturales y sociales les dan forma.

El objetivo de este trabajo es enfrentar este problema con una muestra heterogénea de treinta y cuatro países los cuales incluyen países desarrollados y en desarrollo, grandes y pequeños. Con tal objetivo se usa la base de datos del ISSP (*International Social Survey Program*) del año 2003. Utilizando modelos probit ordenados, se concluye que los elementos tales como religión, preferencias políticas y nacionalismo, tanto como características sociodemográficas y funcionamiento del país, tienen un impacto significativo sobre las preferencias

INTRODUCTION

Even when the majority of economists agree on the benefits of free trade, everywhere we turn to, trade is restricted. Endogenous trade policy models describe political contexts where politicians offer different policy options and voters demand them based on their individual preferences. It is the institutional background the key element that determines how this supply and demand interact and translate into actual trade policies. Thus, one may ask, what determines personal preferences on trade policy; which economic, cultural and social elements shape them. The aim of this paper is to answer these questions in the case of a great variety of countries included in the sample.

In this paper we use data from the module on National Identity of the 2003 International Social Survey Program (ISSP). The ISSP is an ongoing effort devoted to cross-national research on social attitudes. In addition to asking general questions about attitudes towards social issues, the ISSP series also includes special topic modules focusing on matters such as national identity and the role of government. The individuals were sampled across all five continents and the survey asks respondents their opinions on various issues, including trade preferences, patriotism and politics. In addition, it includes demographic and socio-economic data.

We estimate ordered probit models in order to study the impact of each of these variables on individual preferences on trade policy. We conclude that elements such as religion, political preferences, and nationalism, as well as demographic characteristics and country performance, have a significant impact on trade policy preferences.

In the first section of this paper we introduce briefly the theory on the subject. In section two we describe the data used in this paper. In section three we show the estimated model and in section four we present our findings. Finally in section five we conclude.

1. DETERMINANTS OF INDIVIDUAL PREFERENCES FOR PROTECTIONISM: PREDICTIONS FROM THEORETICAL MODELS

1.1 Political economy of trade policies

A common scenario for international commerce is the existence of restrictions on free trade, even when the majority of economists agree on the benefits of it. More particularly, small economies usually benefit more from openness given the relative smaller size of their domestic markets. Even more, there is a consensus among economists that this type of economies cannot grow steadily if it is not through opening its borders to the world[1].

The question that inevitably arises is: why do governments choose trade policies that are apparently sub-optimal? The literature on this subject has tried to explain this phenomenon based on the idea that policy makers have objectives that differ from economic maximization. There are basically two trends in "endogenous" trade policy determination theory: the median-voter model and the interest group model.

The median-voter model supposes a uni-dimensional policy choice (for example, an import tariff to a particular good), the policy preferences are single-peaked and a given policy is voted directly or the government chooses the policy that better reflects the majority's opinion on that subject. In this context, the policy preference chosen by the median voter cannot be dominated by any other alternative in a majority voting (Black, 1958). On the other hand, in the interest groups model, the economic interests are represented by organized lobby groups, and it is through their interaction with the government that trade policy is designed (Gawande and Krishna, 2003). Additionally, Gawande and Bandyopadhyay (2000) showed that the followed patterns of protectionism by United States are influenced by the "contributions" made by lobby groups and their competition given that the level of protection is "sold" to lobby groups.

Both models describe a political context where politicians offer different policy options and voters demand policies based on their individual preferences, and the institutional background determines how this supply and demand interact and translate into actual trade policies (O'Rourke and Sinnot, 2006). Thus, one may ask, what are the determinants of personal preferences on trade policy? Which economic, cultural, social elements affect them? The aim of this paper is to answer these questions.

[1] As early as Adam Smith expressed in the "Wealth of Nations": *"In countries, besides, less extensive … they generally require the support of foreign trade. Without an extensive foreign market they could not well flourish… in countries so moderately extensive as to afford but a narrow home market …"* (Book IV Chapter IX).

1.2 International trade models

International trade models provide a first approach to this issue. The two basic models are the Hecksher-Ohlin model (H-O) that supposes complete factor mobility and the Ricardo-Viner model (R-V) that includes specific factors. Although they provide opposing predictions on trade policy preferences based on the differing consequences of free trade in each country given by their different specialization patterns; there is no contradiction between those models given the assumption about factor's mobility. There is an academic consensus on considering the H-O model as a long-run model and the R-V model as a short-run model.

The H-O model supposes complete costless factor mobility across sectors and predicts that trade liberalization will benefit those who hold the relatively abundant factor and be detrimental to those who own the relatively scarce one. This implies that trade policy preference will differ among individuals depending on their relative factor endowment. On the other hand, the R-V model assumes the existence of sector-specific factors, and therefore predicts that individual trade policy preferences will depend on whether they are employed in an import-substituting or export industry (Gawande et al., 2003).

As it was mentioned, in the specific case of labor, these models should not be considered necessarily as opposites, since one or the other could be applicable depending on the individual time horizon. People with a relatively short time horizon will see themselves as immobile and therefore, their preferences will be those predicted by the R-V model, however, people with a long time horizon will take into account the possibility of inter-sector mobility and their preferences will be determined as described in the H-O model (Scheve and Slaugther, 2001).

In the H-O model with two goods, two production factors (skilled and unskilled labor) and two countries (S abundant in unskilled labor and N abundant in skilled labor), a reduction in trade barriers causes each country to specializes in the production of the good intensive in their relatively abundant factor, increasing the demand for this factor in its country and therefore its return. Consequently, wage inequality will decrease in country S and increase in country N. For this reason, unskilled workers in country S will support free trade while skilled workers will oppose it, however in country N skilled workers will support free trade and unskilled workers will oppose it. In reference to trade policy preferences, based on this model one would expect that unskilled workers in developing countries (where unskilled labor is abundant) would prefer free trade while skilled workers would oppose it, and that the opposite would be true for developed countries, where skilled labor is abundant.

O'Rourke et al. (2006), Beaulieu, Dehejia and Zakhilwal (2004), Baker (2005) and Mayda et al. (2005) found that skilled workers are more prone to accept free trade. Furthermore, those studies showed that the differential support to free trade between skilled and unskilled workers is higher in countries relatively abundant in skill labour.

Mayda et al. (2005) made a comparative analysis of twenty three countries and conclude that the evidence supports the H-O model. They find that people with higher endowments of human capital oppose trade restrictions only in countries that are abundant in human capital, like Germany and USA, while in Philippines (the poorest country in their sample), the opposite happens. The remaining countries in the sample are half way between those two extremes. Consequently, trade policy preferences not only depend on each person's individual characteristics (years of schooling) but also to their country's (education level in the country).

However, in general the empirical evidence shows that both in developed and developing countries the more qualified is a person the less likely he or she is to oppose free trade. Moreover, trade liberalization in a developing country does not necessarily cause a reduction in wage inequality between skilled and unskilled labor but quite the opposite. For example, in the case of Uruguay, Arim and Zoppolo (2000) showed that the wage differences associated to formal education increased during the nineties, when the country was going through a process of increasing trade liberalization and regional integration. Moreover, they show that the demand for skilled labor increased both relatively to the demand for unskilled labor and in absolute terms.

How can this fact be explained? One possible explanation of this phenomenon is that trade liberalization could increase direct foreign investment in the developing country, which could bring about the development of new activities that are intensive in skilled labor (Feenstra and Hanson, 1997). In the case of Uruguay, Arim et al. (2001) argued that trade liberalization and regional integration caused significant changes in the country's productive structure and employment in each sector, decreasing the relevance of manufacture (both in GDP and employment) and increasing the importance of sector such as construction, financial services and other services for enterprises.

On the other hand, if skilled labor and capital are complementary in the exploitation of a specific natural resource, wage inequality in a developing country could increase with trade liberalization, which would explain why skilled workers in developing countries may prefer free trade. Additionally, people with higher education anywhere in the world may be more flexible and more able to deal with the rigors of the market, and therefore more likely to support trade liberalization (O'Rourke et al., 2006).

Furthermore, even in a model of two factors, developing countries are not homogeneous in terms of their factor endowments. In some of them a certain factor may be scarce relative to developed countries but abundant relative to other developing countries (O'Rourke et al., 2006), if trade liberalization intensifies trade with other developing countries with lower human capital endowment, wage inequality could increase as it would in a developed country.

Finally, another element to be considered is mobility both national and international. In respect to national mobility, the idea is that those willing or more able to reallocate within the country

would be more optimistic regarding the dislocation implicit in trade liberalization than those who are immobile. In the case of international mobility, following Rodrik (1997), the argument is that globalization tends to favor production factors that are internationally mobile than those that are immobile, if unskilled labor is less mobile than skilled labor, unskilled workers everywhere will oppose free trade (O'Rourke et al., 2006).

Summing up, if some of the model's assumptions are lifted (more than two factors, international flows of production factors, links between trade and technology transfers, etc.) the theoretical result regarding trade liberalization and wages becomes ambiguous (O'Rourke et al., 2006) and therefore, so do its conclusions regarding trade policy preferences.

In addition to that, a great part of world trade and more than the half of the total volume of trade of high-income country can be considered as Intra-industry trade. Trade of similar products cannot so straightforward been explained in the framework of the H-O model since trade of similar goods incorporates the same proportion of factor endowment and as a consequence will not have the same redistribution impact.

As explained by the new theories of international trade of the Eighties, trade of similar products are justified by the similarity of tastes and production structures, reason why two-way trade usually takes place between countries with similar levels of development and next factor endowments. Inter-industry trade was supposed to generate important reallocation of resources among industries and important adjustment costs in the short term (Krugman, 1980). Thus, integration between countries, which trade was mostly IIT was seen as less traumatic since it implies a reallocation of resources among firms, but within a same industry. This argument, sometimes called "smooth adjustment hypothesis" was highlighted in the Eighties by Helpman and Krugman, 1985.

The question of the welfare effects of trade integration according to the nature of trade was examined again in the Nineties at the light of new empirical evidence. Trade of similar or differentiated products could be of different type since the products can be differentiated horizontally or vertically. In the first case, products differ in their design, color or another attribute but not intrinsically. In the second case, products are differentiated by their quality and supposed to be the fruit of different technologies or to incorporate different proportion of production factors[2]. Then, specialization in a high or low quality segment could entail adjustment similar to those of inter-industry trade. So a great proportion of intra-industry trade with vertical differentiation does not foretell similarities between the countries or regions and does not

[2] The production of quality goods requires capital (Falvey, 1981 and Falvey and Kierzkowski, 1987), a more qualified manual labor (Gabszewicz, 1997). It can be explained by rent and technology differences (Flam and Helpman, 1987) or to be fruit of important expenses in R&D (Gabszewicz and to. 1981). The works of Blanes and Martín (2000), Durkin and Krygier (2000), Fontagné (1998), Greenaway (1995) and Martín and Orts (2001) contribute empirical verifications of some of these relations.

necessarily mean that adjustment could me less traumatic. Besides, this type of two-way trade is not supposed to take place only between similar countries but could develop among very different partners as far as development level is concerned.

Finally, Denslow, and Fullerton (1996), emphasize the importance of the phase of the economic cycle in which the country is. Risk aversion influences on people attitudes towards uncertainty generated by the elimination of barriers to trade and the phase of the economic cycle could amplify or reduced this effect.

1.3 Other important factor: proximity

Another key factor for explaining trade is proximity. Gravitational law has been proposed by economists to explain bilateral trade. Firstly, the negative effect of physical distance was evidenced and justified as a proxy for transport costs. It has been demonstrated than neighbors countries trade more between themselves than explained by economic factors as size of their production and demand and endowments. As reviewed by Disdier and Mayer (2007), the impact of proximity on trade can be divided in two components. The reduction of transportation costs (freight, communication, information costs) and affinity between countries the two countries for cultural, historical or political reasons that do influence preferences of consumers. Survey from Rauch (2001) offers large evidence on a positive link between bilateral migration and trade as a proof of the importance of cultural links. Common language and colonial links have a large and positive impact on bilateral trade flows. Disdier et al. (2007) studies the relationship between opinions in favor of the Eastern enlargement of the EU expressed by citizens of the EU and trade flows. They conclude that bilateral affinity has a large impact on trade even when proximity is controlled for. They also find that trade and other countries specific factors affect significant bilateral opinion about enlargement. However they find more evidence supporting the first relation.

2. EMPIRICAL STRATEGY

2.1 The data

The data source for individual characteristics is the module on National Identity of the 2003 ISSP's survey. In Uruguay the survey was carried out by the Department of Economics (dECON) of the School of Social Sciences (UDELAR) in cooperation with the Institute of Statistics of the School of Economics of UDELAR, in the context of the ISSP program. The fieldwork was carried

out by the team of conduct and opinion studies of dECON in August of 2004 and the University of Pennsylvania financed it[3].

The survey asks respondents their opinions on a great variety of issues, including trade preferences, immigration, patriotism, and politics, as well as demographic and socio-economic information, such as age, gender, education, religiosity, political party, and others.

The question used in the survey to identify the respondent's trade preferences is:

How much do you agree or disagree with the following statement:

"Respondent's country" should limit the import of foreign products

in order to protect its national economy?

It could be argued that the last part of the question ("in order to protect its national economy") causes a bias in favor of protectionism, given that it implies that limiting imports is a way of protecting the economy and therefore, something positive. However, there are two arguments that partially cancel out this critic. Firstly, this is the usual speech used to defend protectionist policies and therefore they are the usual terms used to discuss the matter, and thus the question would not induce necessarily the person to answer in a particular way. And secondly, the goal in this paper is to analyze the relationship between this variable and others and not estimate the absolute level of support for protectionism, and thus it is less vulnerable to this type of bias (O'Rourke et al., 2006).

INSERT TABLE 1: ANSWERS BY COUNTRY

On average, about 1000 persons have answered the survey in each country with a total of 42,154 observations. Table 1 shows the number of persons who agrees, doesn't know or disagrees with the statement and the number of person for each considered country. The share ranges from 28.9% (in Sweden) to 81.9% (from Arabs from Israel). The share of people who definitively disagrees or strongly disagrees with protectionism measures rarely overpasses 30% except for Switzerland (43%), Sweden (35%), Norway (36%) and Denmark (48%). It is striking that this three last countries are neighbors and have close politics system with strong intervention of State.

Since our purpose is to find some evidence about country and individual characteristics that explain opinions about protectionism we have gathered some data on country characteristics. Economic factors like GNI per capita, average growth, production structure, imports penetration rate were calculated using the World Development Database. Trade policy indicators were

[3] The dECON team thanks Professor Frank Furstenberg and the University of Pennsylvania whose financial support made possible the execution of the ISSP's Citizenship and National Identity's surveys in Uruguay.

obtained from the World Bank web page. We also take into account some geographic, cultural and historical characteristics of the countries using variables from the CEPII database.

For the purpose of the model, national characteristics and individuals answers have been transformed in dummies variables.

2.2 The models

As mentioned above, this paper aims at contributing to the literature in two manners. First, we generalized Mayda et al. (2005) results with a larger sample. Second, to seek if country-specific variables (economic, cultural, historical or politics) contribute to a better understanding of opinion toward trade policies.

A first choice for modelling is how to code answers. Mayda et al. (2005) chosen to transform the answer in a dummy variable (Against-Trade dummy =1 if people agree or agree strongly and 0 in other cases). We opted for another possibility since we think that people who neither agrees nor disagrees should be considered as more supportive for protectionism than people who disagrees.

The model aims at determining how different individual characteristics and country characteristics affect the formation of favorable opinions towards protectionism.

In this respect, our dependent variable can then take more than two values and the increase in the value does matter. So, we estimate an ordered probit model[4]. Independents variables whose present a positive and significant sign should be interpreted as enhancing protectionism. But coefficient can not be interpreted as elasticity whether they represent the marginal effect of increase of the probability of being indifferent to protectionism or to support it strongly.

The dependent variable seeks to grasp citizenship's opinions on protectionism and it is defined as follow: Protect = "respondent's country" should limit the import of foreign products in order to protect its national economy: 3 being agree or agree strongly, 2 being neither agree nor disagree and 1 being disagree or disagree strongly.

The phenomenon we are trying to model is discrete, the unobserved or latent variable is the variable protect (degree of support to protectionism from foreign products) which is related to a set of independent variables observed either at the individual level (x_p) or at the level of the country i of residence of the person p (Xi).

$$\Pr otec_p = x_p \beta^p + X_i \beta^i + \varepsilon_i$$

[4] For this estimation we use the oprobit command in Stata version 8.

In an alternative model individual characteristics (xp) are interacted with some country characteristics (Xi).

The description of all variables used is displayed in table 2.

INSERT TABLE 2: DESCRIPTION OF VARIABLES

1. Variable that reflects human capital.

This is the crucial parameter here since most authors consider it at reflecting people are supposed to be differently affected by trade liberalization depending on their skill. Regarding H-O model. Mayda et al. (2005) considers the years of education. By integrating a continuous variable, the interpretation of the results could differ.

2. Variables related to ideology and religion.

Regarding individual's ideology, we consider the person's political affiliation. One would expect that those who define themselves as belonging to the left would be more likely to support protectionist policies than those who identify with the right (Daniels and Ruhr, 2005).

A second element to consider is the person's religious denomination. Guiso, Sapienza and Zingales (2003) argued that religious beliefs not necessarily affect their followers' attitudes towards the economic system “through literal messages found in sacred texts or in statements by religious leaders”, but rather that they affect attitudes as a “low-frequency variable” based on teachings and conditioned by the cultural background. Moreover, they argue that attitudes towards trade with "others" and accepting "others" differ between religious denominations. In their study for the United States, they find that Catholics, Baptists and Methodists are more likely to support trade restrictions, than those with no religious affiliation.

3. Variable reflecting income or social status.

4. Variables related to patriotism, nationalism and chauvinism.

5. Variables that reflect national pride for particular characteristics of the country. How proud are you of “respondent's country” in...? (art and literature achievements, the way democracy works, economic achievements, scientific and technological achievements or achievements in sports).

Additionally, O'Rourke et al. (2006) state that values, attachments, and national identity play an important role in trade-policy preferences, due to the fact that such elements could translate into feelings of national superiority and antagonistic attitudes towards foreign products.

In this respect, there are different degrees of attachments to one's country, which defines the differences between patriotism, nationalism and chauvinism. Patriotism is the genuine feeling of

attachment to one's country, while nationalism implies a greater devotion for one's country placing it above others: chauvinism is an extreme form of nationalism characterized by a feeling of superiority in regard to other nations (Mayda et al., 2005).

Even when these three concepts are linked to national pride, they are clearly different. National pride and patriotism coexist, while nationalism goes far beyond national pride. Indeed, the latter is a prerequisite to the former. Thus, there is no contradiction between feelings such as national pride and cosmopolitanism, while nationalism and cosmopolitanism are in essence contradictory (Smith et al., 1999). In consequence, patriotism is not contradictory to supporting free trade, while in the case of nationalism the relationship is ambiguous. It will depend on the person's intake on the consequences of free trade. If the person sees free trade as a positive-sum game, and therefore accepts that trade implies benefits for the country as a whole, one would expect "patriots" (those who cares for the country as a whole and not consider distributive effects) to favor free trade; however, if the person perceives trade as a zero-sum game in which some nations win and others lose or if they consider that the social consequences could be adverse, they would be likely to support trade restrictions. Finally, those who consider their country better than others are more likely to prefer their country's isolation and therefore, would support import-restrictive policies (Mayda et al., 2005).

6. Variables reflecting employment status.

7. Variables related to the sector of employment.

Taking into account the specific sector of employment, we constructed three variables: agriculture industry and services. This effect is potentially relevant given the fact that it is expected that international trade policies affect sector performance and therefore, people opinions.

8. Other socio-demographic variables considered.

Finally, there are many demographic variables that are relevant to explain trade policy preferences. For example, in regard to age and gender, previous empirical studies show the elderly are more likely to support import-restrictive policies than younger people. The same can be said for women in comparison to men. Additionally, some empirical studies find that married people are also more likely to support trade restrictions.

2.3 Country specific variables

Variables reflecting the size of the country: RGDP is either supposed to be a good proxy for the size of supply or the demand while population is supposed to be a good proxy of the demand. Each variable is supposed to have a positive impact on protectionism since big countries are more self sufficient and can also benefit from power market to increase their term of trade.

Variables reflecting the endowment: GNI per capita is used as a proxy for capital intensity. This is a crucial variable to check the Samuelson theorem hypothesis. A GNI per capita superior to the world average will be considered as reflecting a capital abundant country so trade liberalization should be more beneficial for high skill workers and capital investors. Countries that shares higher GNI per capita also have similar tastes and production structure and are supposed to have a more important share of intra-industry trade. According to the "smooth adjustment" hypothesis, this type of specialization (at least as far as horizontal differentiation is concerned and to a lesser extent the vertical one) should suppose lower adjustment costs.

Variables reflecting macroeconomic environment like the past average growth or the rate of inflation. The first one is expected to influence negatively protectionism opinion while the second generates more uncertainty and should cause protectionist pressures.

Variables reflecting the importance of trade for the country: share of imports and exports in GDP. The relation is not straightforward since these variables are clearly influenced by trade policies which in turn must be influenced by national opinion towards protectionism. Namely, a low penetration rate can reflect a very high protectionist policy and should be associated with supporting protectionism from who benefits from protectionist measures but could alternatively be viewed as an impediment for the others. A high penetration rate could reflect an important dependency towards foreign products and should be associated with a strong support for trade or either could be as a possible source of disequilibrium for the economy and associates with a strong support for protectionist measures. So the expected sign for this variable is largely undetermined. The way exports affect protectionist policies is more unambiguous. We expect that countries that do not benefit from a dynamic exporting sector are more willing to protect their national industries from foreign competition. A higher proportion of export should also be associated with a better market access to foreign markets. If this one is due to preferential treatment people should be aware of this might be reciprocal. If this is due an extremely competitive sector, the conclusion may be more ambiguous.

Trade policies indicator: there are of two types. We consider indicator of protection of the market and indicator of market access. The World Bank built these indicators considering different type of instruments: tariffs only, tariffs and NTB and different sectors: Agriculture and manufacturing. Generally speaking a more restrictive policy should be explained by stronger support for protectionism but the opposite is not so evident. The manner in which restrictive trade policies influence opinion of people depends on the way they consider they affect them and the degree of awareness they have of these policies. In this way, it is interesting to consider different sector (and we would like to interact it with the sector in which the people work). The instruments employed are neither neutral since tariffs are more transparent instruments than quantitative restrictions so people are more aware of their inconvenient while the anti-competitive effect of quantitative restriction is not well-known. Turning to market access, a

better market access should favor positive opinion towards trade in general while a poor market access should favor protectionist opinions.

Regarding variables reflecting other transactional costs in trade; as mentioned earlier, new trade theory of trade and new empirical evidence in the line of the gravity models and works about trade costs tend to show that proximity in a large sense is a significant determinant of bilateral trade. We do not have bilateral opinions on trade here but we can check some of the explanations like cultural, historical or geographical facilities since consumers are unequally distributed around the world and in majority concentrated in the USA, European and Asian area. So speaking the language of one of these areas be located near them or have been in a colonizing relation with one of these countries should make easier trade in a general manner. The argument is information costs, transport costs should be reduced. Additionally, it is well known that former colonized countries are generally imposed lower duties for their products.

Variables reflecting the structure of production: we consider the share of value added of three sectors: agriculture, manufacturing, ands services. Since Services are less tradable in nature a greater share of these products should associated with bigger support for protectionism. Agriculture and Manufacturing both produce tradable goods but the first ones depend on disposability of cropland areas. Trade barriers in this sector are normally higher and intensive primary goods like agriculture goods are less differentiates in nature. So a higher share of these goods should be associated with a support for protectionist pressure while an important share of manufacturing sector should be associated with a pro trade attitude. We alternatively consider the size of these sectors rather than the share. The expected effects could be different and should positively impact pro-protectionist opinion as size of the market generally is supposed to do.

3. RESULTS

In graphs displayed below offers a descriptive picture of which characteristics of countries increase the amount of people supporting protectionist policies. Relations between GNI per capita is clear although USA has a stronger support fro protectionism than its GNI per capita indicates while the opposite occurs for Sweden. Relation between trade policies instruments and protectionism support is not clear although all the countries that apply higher barriers to trade also have a strong support for protectionism. Differences in support fro protectionism among EU members is a good demonstration that the relation between trade policies and their support is heavily complex. Among the countries with lower barriers, the heterogeneity is also stricken. The relation between import of goods and services and the share of protectionist individuals is not as visual as for the GNI per capita with a big heterogeneity of positions among countries for which the penetration rate is an intermediate one (about 40%).

INSERT FIGURE 1: Share of people supporting protectionism and

GNI per capita, trade policy and import penetration

In analyzing the determinants of trade preferences formation, there are a number of non-economic elements that need to be taken into account, including ideology, cultural and social background as well as demographic characteristics. Previous works of Mayda et al. (2005) highlight most of these effects for 23 countries and with the same survey. Our aim here is to confirm their results in the case of a bigger sample. The conclusion is not so straightforward since Beaulieu, Ravindra and Wang (2005) using opinion surveys on trade for 17 countries of Latin America do not confirm Mayda's et al. (2005) conclusions. Generally speaking, most differences between these studies can be found in the samples since the majority of Latin American seems to support free trade while the opposite occurs in countries considered in the ISSP survey.

INSERT TABLE 3: PROTECCIONISM OPINION – OPROBIT MODELS WITH FIX EFFECTS AND COUNTRY CHARACTERISTICS

LOOK TABLE 6 FOR MARGINAL EFFECTS

Various probit models are exposed in table 3. The first model estimated takes into account the individual characteristics and fixed country effects. Models 2, 3, 4 and 5 consider alternative specification for proximity variables or macroeconomic environment. Models in table 4 consider different groups of countries (big, small, EU, non EU, high income or low income) to check the robustness of the results and the importance of economic variables. Last models presented in table 5 are an attempt to obtain more evidence about the importance of the specialization pattern and characteristics of trade policy on individual opinions.

Since results for individual characteristics and the survey are little affected by the specification and the sample, we first present the results for these variables and then comment national variables.

3.1 Who supports protectionist measures?

In general, our results are the expected according to the theoretical framework and previous empirical studies. Firstly, the degree of religiosity (measured by weekly attendance to religious services) has a significant and positive coefficient, which implies that people who attend to religious services are more likely to support import-restrictive policies than the rest.

Additionally, political options are determinants of trade preferences. Those who identify themselves with the right are less likely to support protectionism. However, trade union membership does not seem to affect preferences while previous studies found that it influences protectionist attitude.

Regarding, socio-demographic variables the result shows that gender is significant in preference formation, indicating that women tend to be more protectionist than men. However, age is, in general, not significant.

And finally, feelings related to patriotism and nationalism affect preferences as expected. Feelings of attachment to one's country are not significant, which indicates that patriotism is not contradictory with non-protectionist preferences. On the other hand, strong feelings of national pride and national superiority are correlated with protectionist preferences. Additionally, while pride for the country's democratic system does not have a significant impact.

Turning to working activities, we found that being unemployed does not have a significant impact. This is an unexpected result while people employed full time are more willing to be pro trade and people working part time are more supportive for protectionist measures. Working for government increases the probability to be protectionist while working for private firms or public ones is not significant.

Relative economic status and skills also affects trade preferences significantly. They also have a striking importance since they offer a possibility to check the prevision of the H-O model. Individuals who place themselves higher in the income scale tend to be fewer protectionists, than those who place themselves lower in the scale. On the other hand, higher levels of education have a negative coefficient in the estimated model, which means that those with higher education are less likely to support protectionist policies.

However, we find that the fact that people consider their income as high has a less significant impact in high income countries. In the same way, any qualification has a significant and negative impact when the whole sample is considered but for the second less skilled people this effect is only significant in high income countries.

Our conclusions are similar to those of Mayda et al. (2005) who concluded that the variables that mostly influence preference formation are social status, relative income, values and attachments. In regard to attachments, our study also confirms that those who feel closer to their neighborhood, community, country or who define themselves as nationalists tend to be more protectionists. We confirm that the scale in which people place themselves have a significant effect: those who consider themselves as "richer" tend to favor trade more than those who see themselves as "poorer". We therefore add that this is less true in high income countries. We also agree that pro-trade preferences are positively and robustly correlated with an individual's level of human capital but not as expected by the factor endowments model.

3.2 Countries specificities

Variables included in the model have generally significant impact on individual preferences but the way it influences personal attitude toward protectionism is in some cases, unexpected. Furthermore, impact differs depending on the type of countries: big or small, high or middle income. The explaining power of the model is in general larger for high income countries and small countries than for the others.

INSERT TABLE 4: PROTECTIONISM OPINION - COUNTRIES CHARACTERISTICS

LOOK TABLE 7 FOR MARGINAL EFFECTS

INSERT TABLE 5: PROTECTIONISM OPINION - INDIVIDUAL STATUS AND COUNTRY ENDOWMENT

LOOK TABLE 8 FOR MARGINAL EFFECTS

People from the countries with larger stock of capital per worker (GNI per capita) are generally more in pro trade. This relation seems to be robust and independent of the countries sample except for small country. This should be interpreted as confirming the effect of IIT. In this case, the factor endowment is not a relevant topic.

Concerning macroeconomic context, average growth actually influences negatively protectionism opinion while a higher rate of inflation shows an unexpected negative sign. This might be explained by the fact that countries with higher inflation of the sample view in trade a possibility to lower national prices. This result is apparently in opposition with the conclusion of the first model.

People living in countries with higher import penetration rate are, generally speaking more likely to support protectionism. Actually, this is overall true for small countries and middle income countries while the opposite occurs in big countries (weight of USA).

The way exports affect protectionist policies is more unambiguous. A higher proportion of export is associated with a non-protectionist attitude. However, this is less true in higher- income countries. We suggest that this difference believes in the fact that these countries export products with a lower price-elasticity of demand and are less sensitive to this argument.

Turning to variables that reflect lower transaction costs for trading such as speaking English, we find that the result is the opposite we expected: English as an official language increases the probability to be protectionist while speaking Spanish decreases it. People living in countries closer from the USA or the EU are generally more protectionist than others. Living in countries that had colonial relationship has an ambiguous effect on the protectionist attitude.

Variables reflecting the structure of production: we consider the share of value added of three sectors: agriculture, manufacturing, ands services. Since Services are less tradable in nature a greater share of these products should associated with bigger support for protectionism. Agriculture and Manufacturing both produce tradable goods but the first ones depend on disposability of cropland areas. Trade barriers in this sector are normally higher and intensive primary goods like agriculture goods are less differentiates in nature. So a higher share of these goods should be associated with a support for protectionist pressure while an important share of manufacturing sector should be associated with a pro trade attitude. We alternatively consider the size of these sectors rather than the share. The expected effects could be different and should positively impact pro-protectionist opinion as size of the market generally is supposed to do.

4. CONCLUSIONS

The first model shows us that higher share of people supporting protectionism is associated with lower level of GDP per capita, high import penetration rates and lower export share. A worst market access influences positively the degree of protectionism while national trade policies don't have a significant impact. While these economic determinants seem to be important at the national level, they are not always determinant at the individual level.

Results of an ordered probit model highlights different aspects of the individual attitudes toward protectionism. Economic characteristics of the countries do affect individual attitude but some other politics, cultural characteristics not considered here may play an important role. People living in richer countries are more likely to disagree with protectionist measures. We interpreted it by the fact that their country must exchange on an intra-industry basis that supposes less adjustment costs. We also find that an important share of production in services (mostly non-tradable goods) influences positively protectionist attitudes whatever the sample of country considered. A higher proportion of export is associated with a non-protectionist attitude while an important import penetration rate has an ambiguous effect.

Individual characteristics explain more than half of the variance of the results among individuals. We find that non-economic characteristics such as national pride, chauvinism, religiosity, political affiliation, among others, have a great impact on trade policy preferences. Pro-trade preferences are positively and robustly correlated with an individual's level of human capital or social status but not as expected by the factor endowment model since higher skills are negatively correlated with protectionist attitude independently of the endowment of the country they live in.

However people who feels poor in rich countries have a more likely to be protectionist what supports the H-O hypothesis. For people with higher social status, they don't seem to consider

their own status as relevant for this question. This result does not support the conclusions of the H-O model: it is consistent with this model in the case of developed countries but not for developing countries, given that according to this model skilled workers in developing countries should be more likely to support protectionism. In consequence, in the case of developing countries the rationality behind these preferences reflects a different perception of the impact of free trade than the one predicated by the H-O model.

Consequently, this empirical fact is showing three possible open questions to further investigations: a) people take into account a short time horizon when forming these preferences or when evaluating this politics, b) the formation of this preferences could originated somewhere else than factor endowment or c) if a long-run perspective is accepted, it may reflect a different perception of the impact of free trade than the one predicated by the H-O model or the fact that more skilled persons do believe in that they can share the gains with unskilled people.

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ANNEX - TABLES

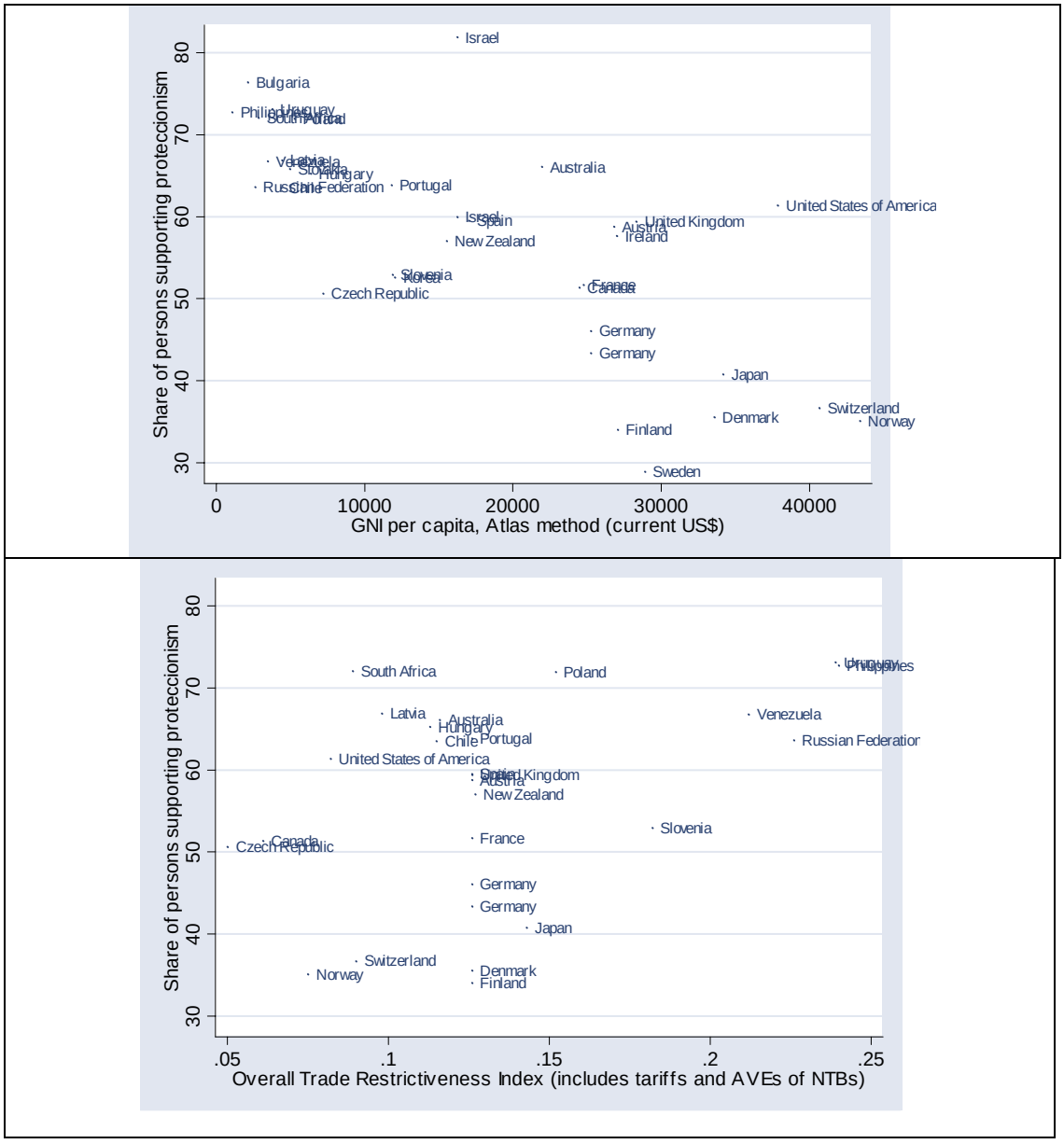
TABLE 1: ANSWERS BY COUNTRY

Country	noprotect	protect	Not know	TOTAL	noprotect	protect	Not Know
	n	n	n	n	%	%	%
Australia	304	1387	407	2098	14,5	66,1	19,4
Austria	224	561	169	954	23,5	58,8	17,7
Bulgaria	109	722	114	945	11,5	76,4	12,1
Canada	305	597	260	1162	26,2	51,4	22,4
Chile	306	889	205	1400	21,9	63,5	14,6
Czech-Republic	321	599	263	1183	27,1	50,6	22,2
Denmark	592	438	202	1232	**48,1**	35,6	16,4
Finland	485	430	348	1263	38,4	34,0	27,6
France	439	816	323	1578	27,8	51,7	20,5
Germany-E	123	189	98	410	30,0	46,1	23,9
Germany-W	275	345	175	795	34,6	43,4	22,0
Great Britain	136	498	204	838	16,2	59,4	24,3
Hungary	129	633	208	970	13,3	65,3	21,4
Ireland	288	601	153	1042	27,6	57,7	14,7
Israel-ar	5	122	22	149	**3,4**	81,9	14,8
Israel-je	261	622	154	1037	25,2	60,0	14,9
Japan	291	418	315	1024	28,4	40,8	30,8
Latvia	156	656	169	981	15,9	66,9	17,2
New Zealand	212	568	216	996	21,3	57,0	21,7
Norway	503	486	394	1383	36,4	35,1	28,5
Philippine	137	858	185	1180	11,6	72,7	15,7
Poland	148	877	194	1219	12,1	71,9	15,9
Portugal	301	890	203	1394	21,6	63,8	14,6
Russia	447	1407	358	2212	20,2	63,6	16,2
Slovak	110	758	284	1152	9,5	65,8	24,7
Slovenia	299	559	198	1056	28,3	52,9	18,8
South Africa	386	1548	215	2149	18,0	72,0	10,0
South Korea	320	681	294	1295	24,7	52,6	22,7
Spain	170	690	299	1159	14,7	59,5	25,8
Sweden	389	319	394	1102	35,3	28,9	35,8
Switzerland	443	375	203	1021	43,4	36,7	19,9
United States	203	724	253	1180	17,2	61,4	21,4
Uruguay	136	767	146	1049	13,0	73,1	13,9
Venezuela	373	764	7	1144	32,6	66,8	0,6

TABLE 2: DESCRIPTION OF VARIABLES

variable name	variable label	Data source
age_	Respondent's age	ISSP
gender	1 if being a man and 2 if being a woman	ISSP
attach	1 if feeling close or very close to country	ISSP
pride	1 if feeling proud of his country	ISSP
pride2	1 if thinking that his/ her country should follow its own interests, even if this leads to conflicts with other nations	ISSP
natsup	1 if agreeing with "generally speaking, your country is a better country than most other countries"	ISSP
dempr	1 if feeling proud of the way democracy works	ISSP
econpr	1 if feeling proud of country economic achievement	ISSP
lrinc	Logarithm of earnings	ISSP
upper_class	1 if self-placement in 10 point income scale is between 6 and 10	ISSP
eduyrs	Years of schooling	ISSP
union_	1 if currently member of an union	ISSP
right	1 if party affiliation is right	ISSP
ntmard	1 if not married	ISSP
rlgn	1 if respondent attends religious services once a week or more	ISSP
lgnipc	Logarithm of Gross National Income per capita, Atlas method (current US$)	WORLD BANK
lggdpmean	Logarithm of Gross Domestic Product growth 2000-2004	WORLD BANK
agriculture	Logarithm of Value Added generated by agriculture sector	WORLD BANK
industry	Logarithm of Value Added generated by industry sector	WORLD BANK
service	Logarithm of Value Added generated by service sector	WORLD BANK
lpxmean	Logarithm of exports of goods and services (percentage GDP, average 2000-2004)	WORLD BANK
lpmmean	Logarithm of imports exports of goods and services (percentage GDP, average 2000-2004)	WORLD BANK
lpricemean	Logarithm of inflation (average 2000 – 2004)	
langoff_english	1 if Official language is English	CEPII
langoff_spanish	1 if Official language is Spanish	CEPII
loc_ue	1 if living nearer from EU than from USA or Asia	CEPII
loc_us	1 if living nearer from USA than from EU or Asia	CEPII
longcolony	1 if his/her country has been a colony for a long period	ISSP
lowedu_richcountry	1 if years of schooling are lower than country average and country GDP per capita is higher than world average	ISSP/ WORLD BANK
lowedu_poorcountry	1 if years of schooling are lower than country average and country GDP per capita is lower than world average	ISSP/ WORLD BANK
highedu_poorcountry	1 if years of schooling are higher than country average and country GDP per capita is lower than world average	ISSP/ WORLD BANK

FIGURE 1: SHARE OF PEOPLE SUPPORTING PROTECTIONISM AND GNI PER CAPITA, TRADE POLICIY AND IMPORT PENETRATION



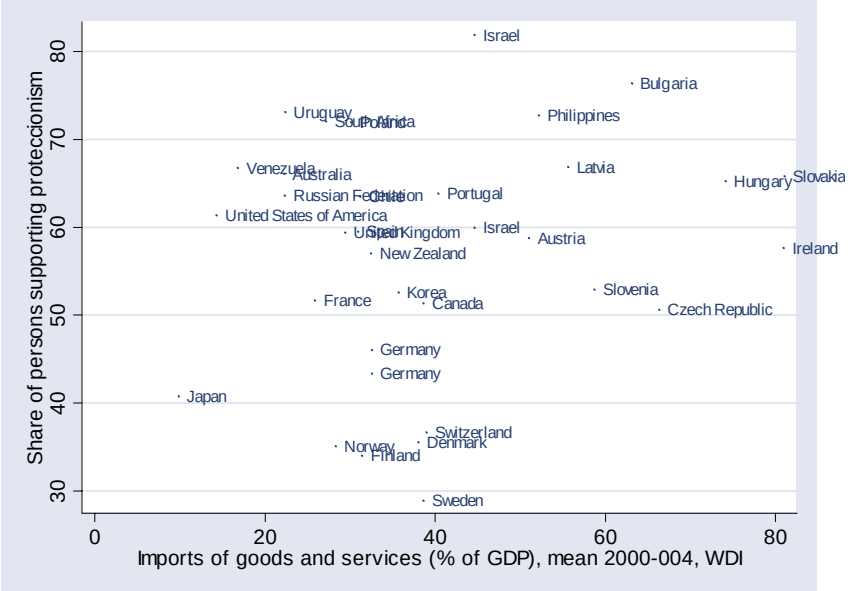

Israel
Bulgaria
Uruguay
Philippines
Latvia
Venezuela
Hungary
Slovakia
Portugal
United States of America
Israel
Austria
Ireland
New Zealand
Slovenia
France
Korea
Canada
Czech Republic
Germany
Germany
Japan
Switzerland
Denmark
Norway
Finland
Sweden
Share of persons supporting protectionism
30
40
50
60
70
80
0
20
40
60
80
Imports of goods and services (% of GDP), mean 2000-004, WDI

TABLE 3: PROTECTIONISM OPINION – OPROBIT MODELS WITH FIX EFFECTS AND COUNTRY CHARACTERISTICS

	Model 1 - with dummies per country	Model 2 - with country characteristics	Model 3 - model 2 plus cultural variables and variables reflecting proximity	Model 4 - model 3 plus variables per sector of employment
gender	0.166***	0.212***	0.195***	0.203***
	[0.023]	[0.023]	[0.023]	[0.024]
age_	-0.000	0.001	0.001	-0.000
	[0.001]	[0.001]	[0.001]	[0.001]
ntmard	-0.024	-0.007	-0.005	-0.032
	[0.030]	[0.034]	[0.030]	[0.031]
eduyrs	-0.046***	-0.039***	-0.043***	-0.041***
	[0.005]	[0.005]	[0.005]	[0.005]
upper_class	-0.029	-0.063***	-0.060***	-0.050**
	[0.023]	[0.024]	[0.023]	[0.022]
lrinc	-0.119***	-0.032*	-0.061***	-0.059***
	[0.026]	[0.018]	[0.015]	[0.015]
rlgn	0.156***	0.193***	0.146***	0.139***
	[0.031]	[0.047]	[0.037]	[0.039]
right	-0.083**	-0.045	-0.060	-0.049
	[0.040]	[0.046]	[0.040]	[0.041]
union_	0.044	-0.044	-0.001	-0.005
	[0.036]	[0.035]	[0.035]	[0.035]
attach	0.001	-0.015	0.019	0.016
	[0.038]	[0.041]	[0.039]	[0.044]
pride	0.324***	0.318***	0.304***	0.297***
	[0.029]	[0.030]	[0.030]	[0.030]
natsup	0.175***	0.205***	0.174***	0.187***
	[0.025]	[0.031]	[0.026]	[0.028]
pride2	0.335***	0.302***	0.307***	0.303***
	[0.032]	[0.030]	[0.034]	[0.036]
dempr	-0.073**	-0.080***	-0.086***	-0.073**
	[0.030]	[0.030]	[0.031]	[0.032]
econpr	-0.042*	0.004	-0.039	-0.050*
	[0.026]	[0.032]	[0.028]	[0.027]
lgnipc		-0.162***	-0.007	0.010
		[0.027]	[0.065]	[0.062]
lpxmean		-0.853***	-1.037***	-1.014***
		[0.233]	[0.301]	[0.285]
lpmmean		0.823***	1.162***	1.122***
		[0.222]	[0.390]	[0.371]
lggdpmean			3.1	2.865
			[1.966]	[1.850]
lpricemean			3.394**	3.657**

			[1.629]	[1.582]
langoff_english			0.147	0.146
			[0.118]	[0.110]
langoff_spanish			0.143*	0.206***
			[0.079]	[0.076]
longcolony			-0.006	0.018
			[0.124]	[0.110]
loc_us			-0.145	-0.180*
			[0.093]	[0.096]
loc_ue			-0.249	-0.221
			[0.170]	[0.158]
industry				0.134***
				[0.034]
service				0.069*
				[0.036]
agriculture				0.305***
				[0.105]
Observations	21179	21179	21179	17560
Pseudo R-squared	0.09	0.07	0.08	0.08

TABLE 4: PROTECTIONISM OPINION - COUNTRIES CHARACTERISTICS

	All	Big	Small	European Union	No European Union	High income	Middle income
gender	0.203***	0.194***	0.177***	0.152***	0.187***	0.238***	0.098*
	[0.024]	[0.034]	[0.032]	[0.034]	[0.033]	[0.026]	[0.056]
age_	-0.000	-0.004*	0.001	-0.006***	0.002	-0.002	0.001
	[0.001]	[0.002]	[0.001]	[0.002]	[0.001]	[0.001]	[0.002]
ntmard	-0.032	-0.061	-0.034	-0.123***	0.019	-0.061	0.040
	[0.031]	[0.074]	[0.033]	[0.042]	[0.041]	[0.039]	[0.055]
eduyrs	-0.041***	-0.045***	-0.041***	-0.049***	-0.039***	-0.053***	-0.022**
	[0.005]	[0.008]	[0.005]	[0.006]	[0.007]	[0.004]	[0.010]
upper_class	-0.050**	0.031	-0.056*	0.021	-0.028	-0.058**	-0.040
	[0.022]	[0.027]	[0.031]	[0.025]	[0.034]	[0.026]	[0.030]
lrinc	-0.059***	-0.116**	-0.077***	-0.269***	-0.050***	-0.060***	-0.035
	[0.015]	[0.048]	[0.013]	[0.046]	[0.014]	[0.022]	[0.047]
rlgn	0.139***	0.153***	0.132**	0.139**	0.158***	0.172***	0.148*
	[0.039]	[0.032]	[0.052]	[0.060]	[0.040]	[0.034]	[0.088]
right	-0.049	-0.053	-0.067	0.012	-0.107*	-0.020	-0.235**
	[0.041]	[0.053]	[0.057]	[0.038]	[0.060]	[0.040]	[0.113]
union_	-0.005	-0.028	0.056	0.064*	0.037	0.030	-0.053
	[0.035]	[0.065]	[0.036]	[0.037]	[0.049]	[0.036]	[0.106]
attach	0.016	-0.018	0.017	-0.030	0.029	0.014	-0.027
	[0.044]	[0.061]	[0.063]	[0.069]	[0.054]	[0.057]	[0.069]
pride	0.297***	0.389***	0.261***	0.342***	0.302***	0.304***	0.295***
	[0.030]	[0.058]	[0.033]	[0.047]	[0.039]	[0.033]	[0.050]

natsup	0.187***	0.111*	0.227***	0.246***	0.181***	0.219***	0.111**
	[0.028]	[0.057]	[0.029]	[0.050]	[0.032]	[0.031]	[0.053]
pride2	0.303***	0.322***	0.324***	0.364***	0.287***	0.305***	0.335***
	[0.036]	[0.050]	[0.049]	[0.070]	[0.043]	[0.039]	[0.075]
dempr	-0.073**	0.007	-0.100***	-0.107**	-0.033	-0.086**	-0.053
	[0.032]	[0.075]	[0.027]	[0.046]	[0.039]	[0.036]	[0.063]
econpr	-0.050*	-0.031	-0.062**	-0.087*	-0.026	-0.048	-0.053
	[0.027]	[0.058]	[0.030]	[0.053]	[0.030]	[0.029]	[0.051]
industry	0.134***	0.176***	0.095**	0.114**	0.122***	0.171***	0.036
	[0.034]	[0.058]	[0.044]	[0.052]	[0.046]	[0.035]	[0.067]
service	0.069*	0.157***	0.021	0.133**	0.041	0.108***	-0.004
	[0.036]	[0.039]	[0.045]	[0.057]	[0.043]	[0.038]	[0.065]
agriculture	0.305***	0.313*	0.291**	0.461***	0.226*	0.509***	0.066
	[0.105]	[0.166]	[0.127]	[0.160]	[0.120]	[0.115]	[0.135]
lgnipc	0.010	-0.273***	0.081	1.323***	-0.000	0.125	-0.036
	[0.062]	[0.103]	[0.100]	[0.189]	[0.058]	[0.186]	[0.117]
lpxmean	-1.014***	0.333	-0.832**	0.575	-1.255***	-0.911***	-1.882**
	[0.285]	[0.279]	[0.410]	[1.142]	[0.172]	[0.296]	[0.775]
lpmmean	1.122***	-0.848**	1.286***	-0.744	1.358***	0.932**	2.096***
	[0.371]	[0.381]	[0.405]	[1.172]	[0.219]	[0.446]	[0.715]
langoff_english	0.146	0.563***	0.017	0.322*	0.018	0.289***	0.139
	[0.110]	[0.179]	[0.132]	[0.184]	[0.152]	[0.104]	[0.164]
langoff_spanish	0.206***	0.185***	-0.213	-0.519**	0.138	0.164	
	[0.076]	[0.050]	[0.190]	[0.210]	[0.199]	[0.148]	
longcolony	0.018	-0.146	0.022	-0.824***	-0.005	-0.092	0.034
	[0.110]	[0.215]	[0.080]	[0.182]	[0.095]	[0.137]	[0.186]
loc_us	-0.180*	0.555**			-0.232*	-0.297**	0.174
	[0.096]	[0.278]			[0.119]	[0.119]	[0.128]
loc_ue	-0.221	0.861***	-0.682***		-0.239	-0.283	
	[0.158]	[0.171]	[0.249]		[0.154]	[0.180]	
lggdpmean	2,865	33.136***	3,580	1042	0.504	3,823	0.419
	[1.850]	[8.538]	[2.398]	[8.204]	[1.477]	[3.365]	[1.795]
lpricemean	3.657**	-13.470***	7.242***	49.294***	4.085***	5.528**	6.384**
	[1.582]	[3.801]	[1.513]	[15.700]	[1.095]	[2.594]	[3.192]
Observations	17560	5452	12108	5742	11818	12282	5278
Pseudo R-squared	0.08	0.06	0.09	0.10	0.07	0.08	0.05
Robust standard errors in brackets							
* significant at 10%; ** significant at 5%; *** significant at 1%							

TABLE 5: PROTECTIONISM OPINION - INDIVIDUAL STATUS AND COUNTRY ENDOWMENT

	protect	protect
gender	0.204***	0.202***
	[0.025]	[0.024]
age_	0.000	0.001
	[0.001]	[0.001]
ntmard	-0.013	-0.010
	[0.032]	[0.034]
rlgn	0.146***	0.153***
	[0.038]	[0.036]
right	-0.036	-0.037
	[0.041]	[0.038]
union_	-0.041	-0.024
	[0.040]	[0.035]
attach	0.003	0.012
	[0.036]	[0.041]
pride	0.274***	0.311***
	[0.027]	[0.026]
natsup	0.183***	0.188***
	[0.029]	[0.025]
pride2	0.322***	0.306***
	[0.036]	[0.033]
dempr	-0.053*	-0.087***
	[0.032]	[0.032]
econpr	-0.057**	-0.035
	[0.026]	[0.024]
industry	0.118***	0.166***
	[0.030]	[0.034]
service	0.071**	0.080**
	[0.033]	[0.033]
agriculture	0.301***	0.328***
	[0.096]	[0.094]
lpxmean	-0.568***	-0.580***
	[0.185]	[0.136]
lpmmean	0.455**	0.584***
	[0.221]	[0.181]
langoff_english	0.234***	0.255**
	[0.077]	[0.100]
langoff_spanish	0.128	0.255***
	[0.087]	[0.080]
longcolony	0.046	0.004
	[0.112]	[0.125]
loc_us	-0.147*	-0.114
	[0.087]	[0.111]
loc_ue	0.044	-0.061

	[0.094]	[0.114]
upper_class	-0.060**	-0.086***
	[0.025]	[0.023]
lgnipc	0.046	-0.206***
	[0.090]	[0.063]
eduyrs	0.129*	
	[0.069]	
eduipc	-0.018**	
	[0.007]	
lowedu_richcount		0.277***
		[0.023]
lowedu_poorcount		0.112
		[0.127]
highedu_poorcount		-0.038
		[0.144]
lrinc		-0.045***
		[0.016]
Observations	22359	18899
Pseudo R-squared	0.07	0.07

Robust standard errors in brackets
* significant at 10%; ** significant at 5%; *** significant at 1%

TABLE 6: FIX EFFECTS AND COUNTRY CHARACTERISTICS - MARGINAL EFFECTS

	Model 1 - with dummies per country		**Model 2 - with country characteristics**		**Model 3 - model 2 plus cultural variables and variables reflecting proximity**		**Model 4 - model 3 plus variables per sector of employment**		**Model 5 - model 4 without individual characteristics**	
General probability	0.5539		0.5543		0.5539		0.5575		0.5580	
	dy/dx	X	dy/dx	X	dy/dx	X	dy/dx	X	dy/dx	X
gender	0.066	0.474	0.083	0.474	0.077	0.474	0.080	0.467	0.081	0.480
age_	0.000	45.877	0.000	45.877	0.000	45.877	0.000	44.915		
ntmard	-0.010	0.224	-0.003	0.224	-0.002	0.224	-0.013	0.227		
eduyrs	-0.018	12.143	-0.016	12.143	-0.017	12.143	-0.016	12.214	-0.016	12.209
upper_class	-0.011	0.480	-0.025	0.480	-0.024	0.480	-0.020	0.478	-0.029	0.478
lrinc	-0.047	4.101	-0.013	4.101	-0.024	4.101	-0.023	4.092	-0.025	4.099
rlgn	0.061	0.145	0.075	0.145	0.057	0.145	0.054	0.144	0.049	0.140
right	-0.033	0.238	-0.018	0.238	-0.024	0.238	-0.019	0.239	0.113	0.752
union_	0.017	0.243	-0.017	0.243	-0.001	0.243	-0.002	0.264		
attach	0.000	0.897	-0.006	0.897	0.007	0.897	0.006	0.895		
pride	0.129	0.756	0.126	0.756	0.121	0.756	0.118	0.755		
natsup	0.069	0.532	0.081	0.532	0.069	0.532	0.074	0.526	0.066	0.524
pride2	0.132	0.521	0.119	0.521	0.121	0.521	0.119	0.517	0.125	0.515
dempr	-0.029	0.567	-0.031	0.567	-0.034	0.567	-0.029	0.563		
econpr	-0.017	0.547	0.002	0.547	-0.015	0.547	-0.020	0.539		
lgnipc			-0.064	9519	-0.003	9519	0.004	9523	-0.006	9530

lpxmean			-0.337	3605	-0.410	3605	-0.400	3604	-0.392	3603
lpmmean			0.325	3565	0.459	3565	0.443	3569	0.426	3564
lggdpmean					1225	4635	1131	4635	0.985	4635
lpricemean					1342	4644	1444	4644	1456	4645
langoff_english					0.058	0.281	0.057	0.285	0.053	0.285
langoff_spanish					0.056	0.110	0.080	0.101	0.056	0.096
longcolony					-0.002	0.571	0.007	0.565	0.017	0.557
loc_us					-0.058	0.151	-0.071	0.140	-0.065	0.136
loc_ue					-0.098	0.658	-0.087	0.673	-0.073	0.676
industry							0.053	0.192	0.047	0.191
service							0.027	0.641	0.021	0.641
agriculture							0.117	0.060	0.108	0.060

TABLE 7: COUNTRIES CHARACTERISTICS - MARGINAL EFFECTS

	All		**Big**		**Small**		**European Union**		**No European Union**		**High income**		**Middle income**	
General probability	0.5575		0.5613		0.5560		0.4817		0.5930		0.5039		0.6759	
	dy/dx	X	dy/dx	X	dy/dx	X	dy/dx	X	dy/dx	X	dy/dx	X	dy/dx	X
gender	0.08	0.47	0.08	0.44	0.07	0.48	0.06	0.47	0.07	0.47	0.09	0.47	0.04	0.46
age_	0.00	44.91	0.00	42.19	0.00	46.19	0.00	45.38	0.00	44.69	0.00	45.38	0.00	43.84
ntmard	-0.01	0.23	-0.02	0.21	-0.01	0.23	-0.05	0.27	0.01	0.21	-0.02	0.24	0.01	0.20
eduyrs	-0.02	12.21	-0.02	12.31	-0.02	12.17	-0.02	11.74	-0.01	12.45	-0.02	12.54	-0.01	11.45
upper_class	-0.02	0.48	0.01	0.44	-0.02	0.49	0.01	0.51	-0.01	0.46	-0.02	0.56	-0.01	0.29
lrinc	-0.02	4.09	-0.05	3.58	-0.03	4.33	-0.11	3.81	-0.02	4.23	-0.02	4.15	-0.01	3.96
rlgn	0.05	0.14	0.06	0.17	0.05	0.13	0.06	0.13	0.06	0.15	0.07	0.13	0.05	0.17
right	-0.02	0.24	-0.02	0.24	-0.03	0.24	0.00	0.27	-0.04	0.22	-0.01	0.27	-0.09	0.16
union_	0.00	0.26	-0.01	0.17	0.02	0.31	0.03	0.38	0.01	0.21	0.01	0.31	-0.02	0.15
attach	0.01	0.89	-0.01	0.84	0.01	0.92	-0.01	0.90	0.01	0.89	0.01	0.90	-0.01	0.88
pride	0.12	0.76	0.15	0.74	0.10	0.76	0.13	0.73	0.12	0.77	0.12	0.75	0.11	0.76
natsup	0.07	0.53	0.04	0.52	0.09	0.53	0.10	0.52	0.07	0.53	0.09	0.58	0.04	0.40
pride2	0.12	0.52	0.13	0.48	0.13	0.53	0.14	0.54	0.11	0.51	0.12	0.50	0.12	0.57
dempr	-0.03	0.56	0.00	0.55	-0.04	0.57	-0.04	0.64	-0.01	0.53	-0.03	0.66	-0.02	0.34
econpr	-0.02	0.54	-0.01	0.54	-0.02	0.54	-0.03	0.58	-0.01	0.52	-0.02	0.64	-0.02	0.31
industry	0.05	0.19	0.07	0.18	0.04	0.20	0.05	0.19	0.05	0.19	0.07	0.18	0.01	0.22
service	0.03	0.64	0.06	0.64	0.01	0.64	0.05	0.66	0.02	0.63	0.04	0.67	0.00	0.57
agriculture	0.12	0.06	0.12	0.07	0.11	0.05	0.18	0.05	0.09	0.06	0.20	0.05	0.02	0.09
lgnipc	0.00	9.52	-0.11	9.47	0.03	9.55	0.53	10.08	0.00	9.25	0.05	10.08	-0.01	8.22
lpxmean	-0.40	3.60	0.13	3.32	-0.33	3.74	0.23	3.69	-0.49	3.56	-0.36	3.53	-0.68	3.78
lpmmean	0.44	3.57	-0.33	3.29	0.51	3.70	-0.30	3.64	0.53	3.53	0.37	3.48	0.75	3.77
langoff_english	0.06	0.28	0.22	0.35	0.01	0.25	0.13	0.16	0.01	0.35	0.11	0.37	0.05	0.09
langoff_spanish	0.08	0.10	0.07	0.08	-0.08	0.11	-0.20	0.08	0.05	0.11	0.07	0.04		
longcolony	0.01	0.56	-0.06	0.46	0.01	0.61	-0.31	0.19	0.00	0.75	-0.04	0.47	0.01	0.78
loc_us	-0.07	0.14	0.21	0.21					-0.09	0.21	-0.12	0.09	0.06	0.25
loc_ue	-0.09	0.67	0.33	0.54	-0.26	0.73			-0.09	0.51	-0.11	0.68		
lggdpmean	1.13	4.64	13.06	4.64	1.41	4.63	0.42	4.63	0.20	4.64	1.53	4.63	0.15	4.64
lpricemean	1.44	4.64	-5.31	4.65	2.86	4.64	19.64	4.63	1.59	4.65	2.21	4.63	2.29	4.68

TABLE 8: INDIVIDUAL STATUS AND COUNTRY ENDOWMENT - MARGINAL EFFECTS

	Probability = .57123122		Probability = .55900823	
	dy/dx	**X**	**dy/dx**	**X**
gender*	0.080	0.485	0.080	0.467
age_	0.000	45.602	0.000	44.675
ntmard*	-0.005	0.214	-0.004	0.243
rlgn*	0.057	0.157	0.060	0.147
right*	-0.014	0.233	-0.015	0.237
union_*	-0.016	0.231	-0.009	0.262
attach*	0.001	0.891	0.005	0.895
pride*	0.108	0.761	0.123	0.756
natsup*	0.072	0.521	0.074	0.530
pride2*	0.126	0.524	0.120	0.520
dempr*	-0.021	0.541	-0.034	0.563
econpr*	-0.022	0.524	-0.014	0.539
industry*	0.046	0.195	0.065	0.190
service*	0.028	0.636	0.032	0.644
agriculture*	0.114	0.059	0.125	0.061
lpxmean	-0.223	3.594	-0.229	3.602
lpmmean	0.179	3.565	0.231	3.557
langoff_english*	0.091	0.290	0.100	0.277
langoff_spanish*	0.050	0.098	0.099	0.119
longcolony*	0.018	0.568	0.001	0.575
loc_us*	-0.058	0.133	-0.045	0.156
loc_ue*	0.017	0.684	-0.024	0.663
upper_class*	-0.024	0.460	-0.034	0.479
lgnipc	0.018	9.450	-0.081	9.498
eduyrs	0.051	12.035		
eduipc	-0.007	114,459		
lowedu_richcount			0.107	0.238
lowedu_poorcount			0.044	0.300
highedu_poorcount			-0.015	0.203
lrinc			-0.018	41.584