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**Protectionism or Free Trade? Or Both?
Analysis of Protectionism Attitudes in the EU**

by

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Abstract

The changing landscape in trade policy in recent years is undoubtedly related to a shift in voter preferences. Based on Eurobarometer survey data, the present paper investigates both the factors determining the level of support for protectionism and the striking positive correlation of responses to questions related to free trade and protectionism. EU citizens are more likely to support protectionism when the economy runs smoothly and reject protectionism if the national economy is not in the best shape. Unemployment, bad economic situations as well as negative feelings regarding immigration are identified as possible reasons to call for protectionism while respondents are favouring free trade at the same time. The positively correlated attitudes toward free trade and protectionism are furthermore a matter of lacking knowledge of political issues. Better educated EU citizens are less likely to support free trade and protectionism at the same time. This applies also to respondents who show a higher level of knowledge regarding basic EU-related facts as well as to those who discuss political matters with friends more often. A possible way to tackle this problem is a broad information strategy covering topics of international economics across several media channels. Especially radio, press and internet are identified as media which seem to contribute to a better understanding of these complex issues.

Keywords: Trade Policy, Protectionism, International Political Economy

JEL Codes: F13, F59, F60

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1. Introduction

Over the last decade, public opinion on trade policy and globalisation changed substantially. After a prolonged period of rational ignorance regarding trade agreements, the negotiation process for a Transatlantic Trade and Investment Partnership (TTIP) between the EU and USA attracted astonishing attention in the public debate. The public requested transparency of the negotiation process and questioned certain topics of the negotiations like e.g. harmonising product standards, investment protection as well as removing trade barriers in the field of public services. The protest movement brought hundreds of thousands EU citizens on the street, yet it concentrated in several countries, mostly German-speaking. The protests ended in November 2016 as US citizens elected their 45th President. Donald Trump promised to build walls – both in a direct and figurative sense. Looking at the political agenda of the United States and considering the election campaigns, one could gain the impression of shrinking popularity of global businesses and international economic relations as the whole. A few months before the US presidential election another vote caused unrest in Europe. In June 2016, British people decided by referendum to reverse the process of European integration – a step which will undoubtedly introduce barriers to international trade and investment. All these developments are alarming as they threaten to destroy the achievements of the decades-long tedious process of trade liberalisation.

However, these developments stand in stark contrast to certain results from surveys concerning the attitude of citizens regarding globalisation trends. Whereas in 2007 only 59 per cent of US respondents to the Pew Research Center Global Attitudes Survey shared the view that growing trade and business ties between the US and other countries are a good thing for their country, the number increased to 74 per cent in 2018 (PEW, 2018). A similar trend can be observed for the majority of European countries included in the survey. The share of respondents who express the view that international trade and business ties with other countries are a good thing was 78 per cent in the UK and 85 per cent in Germany in 2007; in 2018 the values reached 89 per cent in both countries, and US trade policy is very likely one of the explanations for this increase. All these numbers appear surprising in view of the developments in voter behaviour in recent years.

The Bertelsmann foundation delivered some explanations for the ambivalent opinion of citizens all over the world regarding globalisation. In a recent survey YouGov/Bertelsmann

among 14,831 respondents from twelve advanced and emerging countries an overwhelming majority of 64 per cent recognises the positive effects of globalisation on economic growth and 55 per cent of respondents agree that globalisation creates new job opportunities (Bluth, 2018). Furthermore, the majority is aware that globalisation lowers product prices. Overall, the respondents of the survey think that intensifying trade relations with other countries is a good thing for their country (71 per cent) and that it positively affects living standards in their country (60 per cent). However, 54 per cent of the respondents to the YouGov/Bertelsmann survey think that globalisation increases social inequality and more than two thirds are of the opinion that their country should protect its economy from foreign competitors. Especially respondents from advanced economies claim that the government in their country does not provide sufficient protection against the negative consequences of globalisation. Only 27 per cent of the respondents share the view that the protection offered is sufficient.

Similar patterns can be observed in the Eurobarometer survey of the European Commission. The spring wave of the survey in 2018 confirms the favourable attitude of Europeans towards international trade. Almost three fourth of EU citizens have a positive opinion regarding free trade (EC, 2018, see Figure 1). When it comes to globalisation, the share shrinks though to 49 per cent. Furthermore, in spite of their overwhelmingly positive attitude towards free trade, 39 per cent of representative EU citizens share the view that protectionism is something positive – as opposed to 44 per cent viewing protectionism as something negative. Some of the positive attitude is possibly the result of survey bias due to the sequence of the questions: The question regarding the view on protectionism comes right after the questions on free trade and globalisation. A closer look at the Eurobarometer data indicates, however, that there may be further explanations for the relatively high support for protectionism in the EU member states. The share of citizens with a positive opinion on protectionism is especially high in Cyprus, Ireland, Spain, Romania and Greece. Spain and Greece are the countries of EU-28 with the highest unemployment rates. Cyprus, Ireland, Spain and Greece are among the countries most affected by the economic crisis in 2009. Romania, Spain and Greece are among the EU member states with the highest income inequality measured by the GINI coefficient of disposable income. However, unemployment in Finland and Croatia is also above EU average, and Latvia and Lithuania are two other countries among the top five EU member states with the highest inequality. At the same time, Finland, Croatia, Latvia and

Lithuania belong to those EU member states, where protectionism on average is perceived as something negative. Furthermore, as Figure 1 indicates, there is no clear-cut relationship between the attitude on protectionism and support for free trade at country level. Since protectionism is more or less the opposite of free trade, at least theoretically, one would expect that EU citizens or countries supporting protectionism would be less likely to favour free trade. This seems not to be the case among EU member states. The countries where free trade is most popular are Ireland and Poland (86 per cent of “positive” responses). Ireland ranges second with regard to a positive attitude on protectionism.

Figure 1. Attitudes towards protectionism and free trade in the EU

Share of respondents in spring 2018 stating that protectionism respectively free trade brings to mind something positive, in per cent



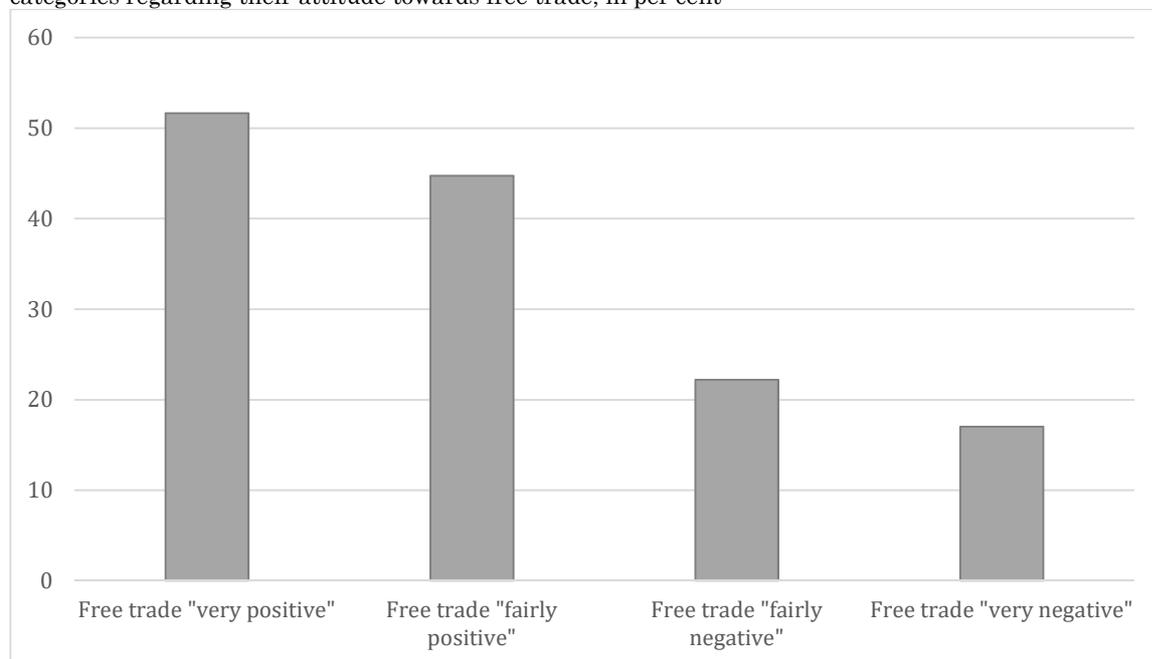
Source: EC, 2018

Considering the distribution of the responses in more detail delivers even more striking insights. The share of respondents who support protectionism is highest among citizens who perceive free trade as something very positive (52 per cent; Figure 2). The attitude towards protectionism changes in line with citizens’ perception on free trade. In the group viewing free trade as something very negative only 17 per cent of the respondents have a positive opinion on protectionism. These observations call for a more detailed analysis of citizens’ perception on protectionism in view of the debate on the role of globalisation for economic development

as well as the call for more protection by national governments against foreign competition. Many questions arise regarding the surprisingly positive relationship between the support for protectionism and the support for free trade. Is it a call for more protection from the citizens most negatively affected by globalisation? Or is it rather the result of lacking knowledge of political matters and especially trade policy on part of the citizens? If that is true, then what is the effect of media consumption or even of public debate on this potential knowledge gap?

Figure 2. Attitudes towards protectionism and free trade in the EU-28

Share of respondents in spring 2018 stating that protectionism brings to mind something positive in the different categories regarding their attitude towards free trade; in per cent



Source: EC, 2018a

The present paper investigates the determinants of support for protectionism among EU citizens. It uses Eurobarometer survey data from the second wave in 2017 (European Commission, 2018a) and examines the role of both socio-demographic factors and political-economic variables for opinion formation on protectionism. Furthermore, it examines the unexpected positive relationship between the attitudes to protectionism and free trade. The results indicate that the perception of protectionism is a result of socio-economic factors, ideology, the economic situation in the home country and the extent of media consumption. Protectionist views are more widely spread among female and younger respondents, as well

as among those who have the impression that the current economic situation of their country is good. Those views are also associated with higher preferences for equality and higher consumption of television, press and social networks. Education and knowledge do not turn out to be significant determinants for the support of protectionism. They are crucial in explaining why numerous respondents express similar views on protectionism and free trade, though. Better educated and informed EU citizens are less likely to support protectionism and free trade at the same time. Lacking knowledge of political affairs is therefore one important source of misunderstanding for trade policy. A possible way to tackle the problem is a broad information strategy across several media channels.

The structure of the paper is as follows. Section 2 presents a brief discussion of related literature. In the third section, the data used is presented before turning to the results of the empirical analysis. Finally, Section 4 provides some concluding remarks.

2. Theoretical background of protectionism attitudes

The growing importance of protectionism in the political debate and the polarisation of popular opinion, including the development of protest movements, has not yet been adequately reflected in the theoretical and empirical literature (Kolev, 2016). In a few papers, support for specific free trade agreements such as the North American Free Trade Agreement (NAFTA) has been explored (see e.g. Balistreri, 1997). Most of the empirical literature investigates preferences for free trade or the process of globalisation. Some findings can also be instructive in the context of protectionism, although the data presented in the previous section indicates that protectionist views and free trade preferences are not necessarily correlated in the expected negative way. The following is an overview of these explanatory approaches before taking a closer look at the specific factors which can influence the opinion-forming process with regard to protectionism.

2.1. Traditional approaches to explain protectionist preferences

In the literature, traditional foreign trade models are often used as political-economic explanatory approaches for free trade support. For example, the **Heckscher-Ohlin-Model** and the **Stolper-Samuelson-Theorem** posit that free trade is particularly beneficial for those economic agents in an economy who are endowed with large amounts of the abundant

production factor (Stolper/Samuelson, 1941). For example, those who are well-educated and have highly skilled jobs in a developed economy are more likely to benefit from intensified trade with a developing country as highly qualified labour is seen as the abundant production factor in industrialised countries (Leamer, 1984).

This approach can also be used in the context of protectionist preferences. When the EU concludes a free trade agreement with a country such as Vietnam, then it can be assumed that the abundant factor in most EU member states – relatively to Vietnam – is a highly qualified workforce. Highly-skilled workers are likely to benefit excessively from free trade as the EU specialises even more in those goods or stages of production which use highly skilled workforce as input relatively intensely. Therefore, it can be expected that particularly highly qualified and well-educated EU citizens will support free trade with countries such as Vietnam, because they will benefit economically from it. By contrast, EU citizens with a lower level of education are expected to favour protectionism, as the goods they produce may be in direct competition with imported goods from Vietnam.

Evidence for this approach to explain free-trade support is provided, for example, by O'Rourke and Sinnott (2002) and Mayda and Rodrik (2005) in a cross-sectional analysis with a large number of countries. Scheve and Slaughter (2001) confirm the results in relation to the US. Balistreri (1997) uses this approach to explain the attitudes of Canadian citizens towards the NAFTA agreement.

Mayda and Rodrik (2005) find positive correlation of higher education and the preference for free trade in countries with high GDP per capita. They interpret this as evidence for the explanation based on the Heckscher-Ohlin-Model. Thus, in countries with higher per capita GDP, highly skilled labour is likely to be the abundant factor of production. Therefore, in these countries support for free trade increases with the level of education. More recent studies provide further explanations for the link between education levels and support for free trade. The analysis by Mansfield and Mutz (2009) shows that a high level of education is particularly observed for the proponents of free trade, but the effect can hardly be explained by the approach described above. It rather reflects citizens' attitudes toward outgroups, such as groups of other nationalities or religions. The data in their analysis indicate that better educated people in the US favour free trade as they are more open to foreign groups. Mayda

and Rodrik (2005) also support this hypothesis by showing that a strong sense of belonging, such as to the neighbourhood, is associated with more support for protectionist measures. Nationalism and patriotism also show up in their analysis as explanatory factors for protectionist preferences. In addition, the analysis by Mansfield and Mutz (2009) shows that support for free trade depends less on the personal economic situation than on expectations regarding changes in the US economy as a whole.

Another explanation for the preferences regarding free trade is based on the findings of the classic **Ricardo-Viner model** of international trade. This model assumes that economic agents, at least in the short term, are not able to move their area of occupation to where they would benefit to a greater extent from free trade. Thus, free trade benefits economic agents who are active in export-oriented industries and harms those agents whose industry is in direct competition with imported products. Furthermore, employees involved in the production of non-tradeable goods, such as services, should support free trade and oppose protectionism because their jobs are not jeopardised by increased competition from abroad. Workers from both the export-oriented industries and the non-tradeable sector benefit beyond that from decreasing prices of imported and domestic tradeable products. Mayda and Rodrik (2005) provide empirical evidence for this approach to explain free trade attitudes by using data on the occupation of respondents. Mansfield and Mutz (2009) show, on the contrary, that free trade preferences depend less on the impact of international trade on the personal economic situation than on expectations regarding its macroeconomic effects.

Further explanations for the free trade preferences analysed in the theoretical and empirical literature concern socio-economic factors that go beyond the direct impact of international trade described so far. Mayda and Rodrik (2005) analyse cross-sectional data from two international surveys and note that preferences for free trade are more pronounced among respondents with higher incomes and/or belonging to higher social classes, which can also be interpreted as a support for the Heckscher-Ohlin approach to explain preferences for free trade. Gender and age of respondents are important determinants of free trade attitudes, too: Men and younger people are more in favour of free trade.

The approaches discussed so far concerning free-trade attitudes and free trade agreements also provide a solid starting point for the analysis of protectionist views within the EU. On

the one hand, economic benefits from free trade according to the findings of traditional trade models are expected to influence the opinion on protectionism. On the other hand, socio-economic factors such as age, gender, education, income, political orientation, social status and openness to outgroups may also play a role in opinion formation. Due to the current refugee challenge in Europe and the spreading nationalist tendencies in many European countries, it can even be assumed that the declining openness to foreign groups is a significant explanatory factor for emerging support of protectionism.

2.2. Further explanations for protectionist views

Although the explanations of free trade attitudes provide a solid basis for exploring protectionist preferences, further explanations are needed, especially with regard to the positive correlation of the responses to the questions on free trade and protectionism. The discussion at the beginning of this paper and the data presented indicate that about half of the protectionist supporters have a positive attitude towards free trade. Thus, the protectionist views are not necessarily due to lack of support for the free trade idea. The question is, what can be further explanations for favouring protectionism that go beyond free trade attitudes and their determinants.

In the first place, the contents of recent trade agreements and negotiations as well as the innovations that the agreements brought were in the focus of public debate. Among other things, harmonising product standards, investor protection and public services were very controversial issues of contention in the public debate during the TTIP debate and shaped the opinion and fears of many EU citizens. Generally speaking, the new generation of free trade agreements does not only aim at removing the (already relatively low) tariff barriers but also at addressing non-tariff trade barriers to trade. They can be considered an innovation in international commercial law. Labour and environmental standards, human rights and sustainability are other issues which are a topic of negotiations in recent trade agreements. However, uncertainty about the potential impact of setting international rules in these areas may cause scepticism among risk-averse individuals.

Similar scepticism was observed in the course of the completion of the European internal market (Koley, 2016). It is true that in 1993 the framework conditions for the introduction of

the internal market were defined and communicated to the public. However, nearly 40 per cent of European Union (EU) citizens interviewed by the European Commission in September 1993 stated that they were feeling anxious about the introduction of the single market (FOS, 1993). Asked about the reasons for their fears, more than three quarters of sceptical respondents said that the single market is making the future uncertain.

Regarding the observed discrepancies in respondents' preferences for free trade and protectionism, several theoretical conjectures can be brought forward. Firstly, trust in the EU could be a relevant factor. Especially EU citizens, who do not trust the EU as the level where trade policy is conducted, can be expected to reject free trade agreements of the EU. However, in the same context the EU is also responsible for protectionist measures. Trusting the EU can, therefore, also be a favourable precondition for expressing support for protectionism. Thus, trust in the EU could theoretically explain positive attitudes towards free trade and protectionism at the same time.

The observed positive correlation in the responses of EU citizens to the questions on free trade and protectionist attitudes raises furthermore the issue of ideology and knowledge among respondents regarding political and economic matters. There are three potential explanations for the observed preferences:

- The first explanation was mentioned above and refers to the fact that in the survey the question on protectionism was asked immediately after the questions on free trade and globalisation. Therefore, it cannot be ruled out that this survey bias due to the order of the question has a direct effect on the answers of the respondents in the sense that they follow the same pattern.
- Furthermore, it is possible that for some respondents, protectionism and free trade do not exclude each other for ideological reasons. This may be the case, in the first place, if they support protectionism for certain sectors while favouring free trade as a whole or if they support protecting the national economy while favouring low priced products from abroad. Moreover, in the public debate globalisation is often cited as a trigger for inequality. Therefore, the positive correlation of the responses may be due to equality preferences while supporting free trade at the same time.
- However, it is also possible that not ideology, but lacking knowledge of basic economic

terms and relationships is the explanation of the positive correlation in the responses. If this is the case, the positive correlation would be observed especially among individuals with a lower level of education and a lower level of knowledge of the economy. The role of objective knowledge of political matters as well as the contribution of other factors will be the subject to the extended empirical analysis in the next section.

3. Empirical analysis

3.1. Data and methodological issues

The empirical analysis is based on Eurobarometer data from late 2017 (European Commission, 2018a). The dependent variable is constructed as a binary variable from the question: “Could you please tell me for each of the following, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative? Protectionism”. The variable takes the value 1 if protectionism brings to mind something very positive or fairly positive for the respondents and otherwise 0. The determinants of protectionism attitudes are analysed within a probit model (see e.g. Cameron/Trivedi, 2010; Greene, 2012), which investigates the influence of the explanatory variables on the probability that the respondent expresses a positive opinion on protectionism. An advantage of probit analyses over the standard OLS estimator is the fact that the estimated probabilities are limited to the interval [0,1]. According to the estimation, further transformations of the coefficients allow their interpretation in the sense of marginal effects – similar to the OLS estimators.

The explanatory variables *male*, *education* and *age* capture socio-demographic factors, which can influence the attitude of respondents towards protectionism. The dummy variable *male* takes the value 1 for male and 0 for female respondents. The variable *education* takes the value 1 if the respondent has no full-time education, the value 2 if she has concluded her full-time education at the age of 16 to 19 years, the value 3 if she is still studying and 4 if she has concluded her full-time education at an age older than 19 years. For the variable *age*, the empirical model allows for a possible non-linearity. Older/retired respondents are expected to oppose protectionism since they experience primarily the positive effect of declining prices from free trade. A possible job market adjustment is less relevant for them. Young people are

also more likely to oppose protectionism since the long-term overall effects of free trade are positive even if there is the need to change occupation or industry. Employed respondents of middle and higher age are expected to show more support for protectionism, since their labour market flexibility is lower and eventually, they mainly experience the short-term adjustment costs and less so the positive effect of free trade on labour markets.

Three variables should capture economic factors both regarding the personal situation of the respondent and the perceived development of the national economy. The personal economic situation is covered by the variables *class* and *unemployed*, the first one taking values between 1 (the working class of society) and 5 (the higher class of society) and the second one as a dummy variable with 1 given to respondents who consider themselves unemployed. The variable *nat_econ* is used to investigate the effect of perceived economic situation in the country for the attitude towards protectionism. The variable takes values between 0 (very bad) and 3 (very good).

The propositions of the Ricardo-Viner model are tested using three dummy variables for the occupation of the respondents, *farmer_fisherman*, *blue_collar* and *white_collar*. All three variables take the value 1 if the respondent belongs to the corresponding occupation. The hypothesis is that in EU member states farmer/fisherman and blue-collar workers have to bear higher adjustment costs of free trade and therefore are more likely to support protectionism. For white-collar workers the opposite is expected to be true.

The empirical model contains further the variable *party* capturing the political orientation of the respondents taking values between 1 (left) and 10 (right). Again, a quadratic term was introduced as the effect of political orientation may be non-linear. Whereas respondents with extreme left or extreme right political views are expected to support protectionism, the opposite should be true for centrist or centre-right oriented respondents. A further variable, *discuss*, should capture the political ignorance of respondents. It takes values between 0 if respondents say, they never discuss national or EU political matters with friends, and 2 if they indicate to discuss political matters frequently. The expected sign is ambiguous, since more discussion of political matters can both increase and lower support for protectionism.

Two variables cover the role of ideological issues. The first one, *immigration*, captures the feeling respondents have regarding immigration both from the EU and third countries. It is used as a proxy for the effect of openness to outgroups on protectionism support as postulated by earlier analyses. It takes values between 0 (very negative) and 3 (very positive) and the expected sign is negative since a positive feeling regarding immigration means more openness to outgroups and is expected to be negatively correlated with support for protectionism. The second variable, *equality*, measures how much respondents value the importance of equality. It is a dummy variable taking the value 1 if the respondent mentioned equality as one of the three most important personal values. The expected sign of the variable is positive, since globalisation and free trade are often blamed for increasing inequality.

In a further step, the empirical analysis investigates the role of objective knowledge of political matters for protectionist attitudes. While education is often included into surveys of the public opinion, the measurement of knowledge is less straightforward. For the purpose of the empirical analysis, a variable is constructed using three statements from the Eurobarometer survey, where the respondents can either agree or disagree. The statements are as follows:

- The Euro area currently consists of 19 member states.
- The members of the European Parliament are directly elected by the citizens of each member state.
- Switzerland is a member state of the EU.

One point was given for every correct answer and the responses to the three subquestions were additively aggregated to form the variable *knowledge* used in the analysis. It takes the values 0 (no correct answer) to 3 (all answers were correct).

The effect of media consumption is captured by variables based on the responses to the question “Could you tell me to what extent you (1) watch television on a TV set/via Internet (*tv*); (2) listen to the radio (*radio*); (3) read the written press (*press*); (4) use the internet (*internet*); (5) use online social networks (*soc_net*)?”. The variables in brackets take values between 0 (no access to this medium) and 6 (every day/almost every day). The results with respect to the last two variables are to be considered with caution since the variables exhibit a bilateral correlation of 0.7.

The dummy variable *trustEU* is introduced to investigate the role of trusting the EU for the formation of protectionist views. The variable takes the value 1 if the respondents tend to trust the EU and both a negative and a positive coefficient is possible, as discussed in the previous section.

In the next stage of the analysis, the variable *free_trade* is introduced which captures the opinion of the respondents on free trade. The purpose of this exercise is to analyse the reasons for being supportive of free trade and protectionism at the same time. The variable takes four values with 0 being “very negative” and 3 being “very positive”. Theoretically, there should be an endogeneity issue when introducing this variable since the attitude to free trade should be negatively related to the attitude to protectionism. However, the descriptive analysis delivers some evidence that protectionism is possibly determined by other factors than free trade. Still, the results should be interpreted with caution. The extended empirical analysis also includes interaction terms between the variable *free_trade* and the other explanatory variables as an attempt to shed light on the responses to the questions on free trade and protectionism.

3.2. Results: baseline models

Table 1 shows the results of the probit regressions with country fixed effects, as well as robust and clustered standard errors. Sampling weights account for the population and the number of respondents from the different countries. In the first column only socio-economic factors are included covering both socio-demographic characteristics of the respondents and variables capturing different aspects of possible explanations for protectionism attitudes based on the traditional trade theory. The coefficients of the socio-demographic characteristics are insignificant in this first regression. The same is true for the variables capturing the occupation of the respondents. Contrary to the theoretical proposition that especially blue-collar workers and workers from agriculture are exposed to the negative effects of free trade, the coefficients of the corresponding variables are not significant. This was the result of earlier studies, too. In the context of the EU member states, the non-significant coefficients may be due to heterogeneity of the countries included. The coefficient of the variable capturing the evaluation of the current economic situation is positive and highly significant.

Respondents tend to support protectionism when the economy runs smoothly, which can be the case if they do not attribute the good economic situation to free trade but rather see free trade as a danger. Bad economic situation, on the contrary, is associated with lower support for protectionism. Possibly, the respondents view free trade and removing protectionism as a chance to improve the economic situation of their country.

The second column extends the analysis to further variables capturing ideology and political orientation. Including those variables does not significantly change the coefficient of the variable *nat_econ*. However, two of the demographic characteristics have now coefficients significantly different from 0, which remain stable in the further extensions of the model. The coefficient of the variable *male* is negative, meaning that male respondents are slightly less likely to express protectionist views than female respondents. The coefficient of the variable *age* is negative and the coefficient of the quadratic term is not significantly different from 0. Therefore, older respondents are less likely to support protectionism, which is in accordance with the hypothesis of having a higher net positive effect of free trade in higher age. However, there is no evidence of having a non-linear effect of the age of the respondents as young people are expected to anticipate the positive long-term effects of free trade better than respondents in the middle of their career path.

The political orientation, on the contrary, seems to have a non-linear effect on protectionism preferences. According to the results of the empirical analysis and as opposed to the hypothesis in the previous subsection, there is an inverted-U relationship between support for protectionism and political orientation measured on the scale 1 (left) to 10 (right). The calculation of the maximum value of the so described parable reveals that it is rather a concave increasing relationship since the maximum point in all regressions lies far above 1. The result is rather surprising, since moving from left to right on the political scale is expected to be associated with more support for pro-business policies and therefore with less support for protectionism. It could also be the case that pro-business preferences combined with mercantilist views are the explanation for higher support of protectionism for respondents with more right political views. Furthermore, more left political orientation can possibly be associated with more openness for foreign countries and criticism for example for protectionism in agriculture which harms especially developing countries.

Table 1. Baseline regressions

	(1)	(2)	(3)	(4)	(5)	(6)
male	-.0396 (.0244)	-.0608** (.0249)	-.0657*** (.0241)	-.0595** (.0238)	-.0643*** (.0194)	-.0895*** (.0259)
age	-.0110 (.00743)	-.0118* (.00608)	-.0127** (.00558)	-.0122** (.00495)	-.0117*** (.00419)	-.0117** (.00477)
age_quad	3.25e-05 (6.69e-05)	4.06e-05 (5.25e-05)	4.82e-05 (4.80e-05)	4.59e-05 (4.90e-05)	4.59e-05 (3.98e-05)	5.37e-05 (4.79e-05)
educ	-.0236 (.0347)	-.0188 (.0299)	-.0229 (.0285)	-.0181 (.0296)	-.0400 (.0255)	-.0587** (.0240)
class	.0160 (.0300)	.00539 (.0289)	.00386 (.0287)	.00457 (.0279)	-.00113 (.0246)	-.0133 (.0250)
nat_econ	.215*** (.0509)	.220*** (.0531)	.216*** (.0519)	.210*** (.0483)	.179*** (.0535)	.135*** (.0495)
unemployed	-.0377 (.0467)	-.0244 (.0481)	-.0236 (.0485)	-.00858 (.0510)	-.00452 (.0430)	.0236 (.0370)
farmer_fisherman	-.0391 (.0747)	-.0124 (.0886)	-.00421 (.0863)	-.00181 (.101)	-.0443 (.108)	-.102 (.110)
white_collar	.0297 (.0710)	.00866 (.0727)	.00634 (.0721)	-.00246 (.0675)	-.00324 (.0738)	-.000629 (.0719)
blue_collar	.0338 (.0366)	.0454 (.0361)	.0457 (.0362)	.0493 (.0423)	.0620* (.0365)	.0696** (.0282)
party		.0397*** (.0136)	.0398*** (.0137)	.0395*** (.0141)	.0453*** (.0131)	.0385*** (.0122)
party_quad		-.00041*** (.000134)	-.00041*** (.000135)	-.00041*** (.000140)	-.00046*** (.000129)	-.00039*** (.000121)
discuss		-.00237 (.00562)	-.00267 (.00551)	-.00245 (.00547)	-.00354 (.00718)	-.0105 (.00857)
immigration		-.000770 (.00738)	-.00137 (.00744)	-.000920 (.00779)	-.00255 (.00652)	-.0108* (.00621)
equality		.0773*** (.0260)	.0773*** (.0260)	.0721*** (.0257)	.0590*** (.0224)	.0635*** (.0157)
knowledge			.0345* (.0188)	.0264* (.0156)	.0145 (.0139)	-.0153 (.0142)
tv				.0570*** (.0151)	.0473*** (.0170)	.0448** (.0190)
radio				.00265 (.0132)	.000676 (.0121)	-.00375 (.0101)
press				.0226** (.00894)	.0212** (.00914)	.0187** (.00885)
inet				-.0232** (.0102)	-.0251** (.0113)	-.0360*** (.0138)
soc_net				.0315*** (.00633)	.0313*** (.00777)	.0295*** (.00731)
trustEU					.305*** (.0524)	.212*** (.0416)
free_trade						.370*** (.0589)
N	25674	23956	23956	23694	21603	20340

Probit regression of a dummy variable taking the value 1 if the respondents support protectionism; robust standard errors in parentheses; */**/** significant at 10/5/1 per cent; robust and clustered standard errors in brackets; sample weights included to adjust the number of responses to the population number.

Source: Own calculations based on European Commission, 2018a

The empirical analysis delivers only weak support for the relationship between neighbourhood attachment/nationalism and support for protectionism. The coefficient of the variable *immigration* is correctly signed, though it is not significant. This only changes in the very last column of Table 1. Little evidence is found that respondents who view immigration more positively are less likely to express support for protectionism. The last variable capturing ideology, *equality*, has a positive and highly significant effect in all models. As expected, respondents, who list equality as one of the three most important personal values are more likely to express protectionist views. A possible explanation is the often postulated positive association between globalisation and inequality.

In the third column of Table 1 the role of objective knowledge for protectionist preferences is explored. The coefficient of the variable is significant at the 10 per cent level. However, contrary to the established hypothesis, it is positively signed, meaning that better knowledge of political matters is associated with a higher probability to support protectionism. The relationship is not stable, though. In the fifth and sixth column of Table 1 it is not significant anymore and in the sixth column it is negatively signed. Therefore, there is no sound evidence that support for protectionism is more likely to be observed among less well-informed respondents.

In column 4 of Table 1 the effect of media consumption for protectionist preferences is investigated. Respondents with more frequent use of television, press and the social networks as source of information are more likely to support protectionism. The use of the internet, on the contrary, is associated with less protectionist views, as indicated with the negative and significant coefficient. Especially the opposite sign of social networks and internet is rather surprising. Possibly, it can be attributed to the high correlation between the variables and an unobserved further explanation which may be captured by one of the two variables. There is no evidence for an unambiguous effect of radio consumption on protectionist views, as the coefficient is not significant. The coefficients of all media consumption variables remain stable in the further analysis.

In the fifth column of Table 1 the variable *trustEU* is introduced to analyse if protectionism preferences are connected to trust in the EU, which is mainly responsible for trade policy in the EU member state. The coefficient of the variable is highly significant and with strong

magnitude, thus indicating that supporting protectionism is more likely among respondents who tend to trust the EU.

The last column of Table 1 represents an extension of the model which will build the baseline for the further analysis. The variable *free_trade* is introduced to analyse the positive correlation in the responses of EU citizens to the questions on their perception of protectionism and free trade. As discussed in the previous section, the positive correlation between support for free trade and support for protectionism toned down the potential problem of endogeneity and led to the question of what determines this positive coefficient. The coefficient in the last column of Table 1 is highly significant and with strong magnitude. Respondents who share the opinion that free trade is a good thing are more likely to express a positive view on protectionism. This coefficient is the subject of further investigation in the next section, where an attempt is made to explain the unexpected positive relationship between free trade and protectionism using socio-economic and political-economic factors.

Before turning to this issue, Table 2 shows in conclusion of the present subsection the estimated country fixed effects. The coefficients are to be interpreted as differences in the support for protectionism between the particular country and France since France is the country which was left out of the analysis as the second biggest economy in continental Europe with less pronounced interest in free trade than Germany. The probability to have a respondent with a protectionist view is significantly higher in Cyprus, Greece, the United Kingdom, Malta, Romania, Spain, Ireland and Italy than in France. The coefficient for Luxembourg is not significant, therefore protectionist views seem to be similarly represented in Luxembourg as in France. In all other countries, the level of protectionism support is lower than in France, as indicated by the significant negative coefficients of the interaction terms. The negative coefficients are especially high in absolute terms in Sweden, Latvia, Denmark, Slovakia and Germany.

Table 1. Country fixed effects from the probit model in column (6) of Table 1

BE	−.0845** (.0391)	ES	.320*** (.0218)	LV	−.763*** (.0266)
NL	−.386*** (.0719)	PT	−.112** (.0436)	LT	−.528*** (.0477)
DE	−.635*** (.0788)	FI	−.513*** (.0549)	MT	.445*** (.0797)
IT	.0775*** (.0171)	SE	−.880*** (.0810)	PL	−.416*** (.0611)
LU	−.0916 (.0704)	AT	−.170*** (.0542)	SK	−.733*** (.0378)
DK	−.755*** (.0846)	CY	.563*** (.0329)	SI	−.430*** (.0376)
IE	.297*** (.0652)	CZ	−.344*** (.0456)	BG	−.462*** (.0492)
GB	−.0817** (.0416)	EE	−.221*** (.0556)	RO	.333*** (.0344)
GR	.544*** (.0379)	HU	−.487*** (.0497)	HR	−.136*** (.00738)

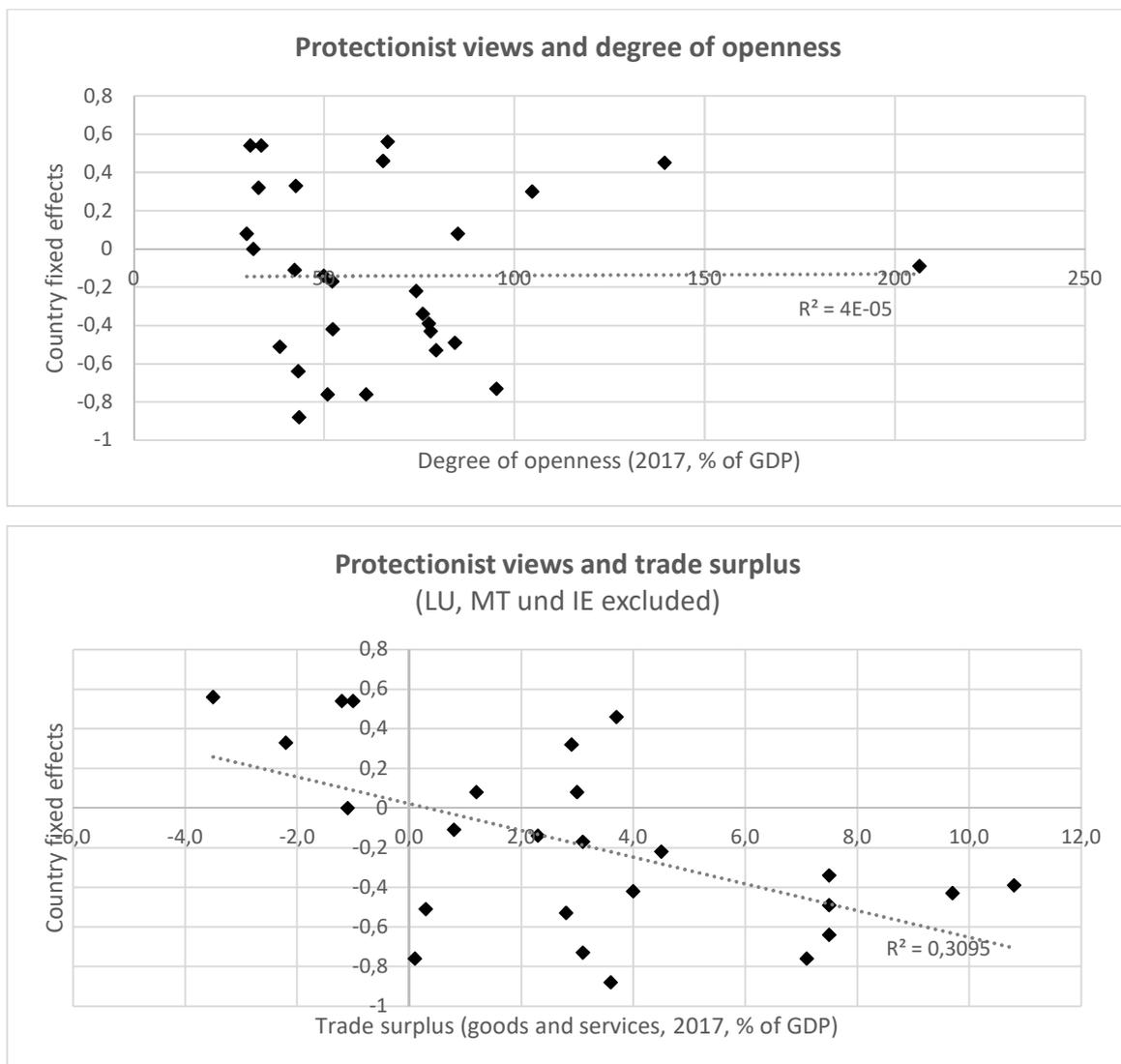
Probit regression of a dummy variable taking the value 1 if the respondents support protectionism; robust and clustered standard errors in parentheses; ***/** significant at 10/5/1 per cent; sample weights included to adjust the number of responses to the population number; France is the reference country; shaded countries show significantly positive coefficients.

Source: Own calculations based on EC, 2018a

An attempt to explain the differences in accordance with trade theory is made in Figure 3. The upper diagram shows the level of the country fixed effects on the y axis in relation to trade openness defined as half the sum of goods and services exports and imports as a percentage of GDP. Both the chart and the regression line indicate no support for a hypothesis of a relationship between openness and protectionist views in the countries. Excluding the outlier Luxembourg with a degree of openness above 200 per cent of GDP does not significantly change the result. The lower diagram shows the country fixed effects in relation to trade surplus in goods and services as a percentage of GDP, the three outliers with a trade surplus higher than 20 per cent of GDP being left out. The negatively sloped regression line indicates a higher country fixed effect in countries with a higher trade deficit. This is in line with the hypothesis that citizens of countries with higher trade surpluses, which is more often

than not interpreted in public debate as a good thing, are less likely to express protectionist views. Although trade surpluses and deficits are not necessarily good or bad for an economy, this is a widespread view, even in international organisations like the EU and the IMF. The connection between exposure to trade and trade balance on the one hand, and the attitudes for free trade and protectionism should serve as a starting point for a further research.

Figure 3. Protectionist views: Accounting for trade openness and trade surplus



Source: EC, 2018a; Eurostat; own calculations

3.3. Results: extended model

The further empirical analysis is focused on the positive sign of the variable *free_trade* found in the last regression in Table 1. Interaction terms between the variable *free_trade* and all other explanatory variables are introduced in order to investigate what determines the unexpected positive correlation between support for protectionism and support for free trade. The interaction terms are introduced one at a time into the last model estimated in the previous subsection. In Table 3, for the sake of clarity, only the coefficients of the variable *free_trade* and the variable for which an interaction term was introduced are presented. All other coefficients remain almost unchanged compared to column (6) in Table 1.

The results indicate that there are several socio-demographic characteristics related to the observed positive correlation. It is less likely to have similar attitudes regarding free trade and protectionism among male respondents as indicated by the negative and significant coefficient of the interaction term in the first column of Table 3. Whereas the empirical analysis delivers insignificant coefficients for the interaction terms of age and social class, the level of education has one of the strongest magnitudes as explanation for the positive correlation of responses. The coefficient is negative and highly significant meaning that especially respondents with a lower level of education are more likely to support free trade and protectionism at the same time. The cumulative effect of education reduces the coefficient of the variable trade by half when moving from a respondent with no full-time education to a respondent who has concluded her full-time education at an age older than 19 years.

Further explanations for the positive correlation responses can be found in factors describing the personal job situation or the situation of the national economy. Whereas unemployed respondents are more likely to support free trade and protectionism at the same time, this is less likely the case for respondents who evaluate the current economic situation of their country positively. Both results indicate that a better job or overall good economic situation reduces the positive correlation of the responses. This is in alignment with the hypothesis that some respondents favour free trade and still see the need for protection of the economy especially when the economy does not run smoothly. With regard to the occupation of the respondents, the coefficients are not significantly different from 0.

Table 3. Results of the extended empirical analysis

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
male	.0892 (.0719)						
age		-.00871** (.00366)					
age_quad		5.29e-05 (4.65e-05)					
educ			.141*** (.0321)				
class				.0860 (.0753)			
nat_econ					.312*** (.119)		
unemployed1						-.332* (.184)	
farmer_fisher							-.184 (.357)
white_collar							
blue_collar							
party							
party_quad							
discuss							
immigration							
equality							
knowledge							
tv							
radio							
press							
inet							
soc_net							
trustEU							
free_trade	.417*** (.0687)	.440*** (.0881)	.605*** (.0760)	.493*** (.0969)	.493*** (.0890)	.356*** (.0607)	.370*** (.0599)
x*free_trade	-.0907** (.0374)	-.00147 (.00125)	-.101*** (.0251)	-.0506 (.0321)	-.0899** (.0416)	.195** (.0939)	.0421 (.212)
N	20340	20340	20340	20340	20340	20340	20340

Table 3. Results of the extended empirical analysis (continued)

	(8)	(9)	(10)	(11)	(12)	(13)	(14)
male							
age							
age_quad							
educ							
class							
nat_econ							
unemployed1							
farmer_fisher							
white_collar	.199 (.162)						
blue_collar		-.0873 (.155)					
party			.0356*** (.0129)				
party_quad			- (.000118)				
discuss				.0582*** (.0218)			
immigration					.0432** (.0184)		
equality						.146 (.130)	
knowledge							.198*** (.0411)
tv							
radio							
press							
inet							
soc_net							
trustEU							
free_trade	.409*** (.0683)	.358*** (.0559)	.337*** (.0572)	.458*** (.0721)	.461*** (.0724)	.379*** (.0667)	.559*** (.0718)
x*free_trade	-.0996 (.0763)	.0812 (.0779)	.00192*** (.000733)	-.0351*** (.00942)	-.0286*** (.00810)	-.0425 (.0671)	-.109*** (.0201)
N	20340	20340	20340	20340	20340	20340	20340

Table 3. Results of the extended empirical analysis (continued)

	(15)	(16)	(17)	(18)	(19)	(20)
male						
age						
age_quad						
educ						
class						
nat_econ						
unemployed1						
farmer_fisher						
white_collar						
blue_collar						
party						
party_quad						
discuss						
immigration						
equality						
knowledge						
tv	-.130*** (.0464)					
radio		.0717* (.0422)				
press			.0903*** (.0245)			
inet				.0163 (.0180)		
soc_net					.0333 (.0223)	
trustEU						.494*** (.171)
free_trade	-.154 (.139)	.548*** (.137)	.511*** (.0798)	.506*** (.0736)	.377*** (.0741)	.423*** (.0645)
x*free_trade	.0924*** (.0231)	-.0393** (.0194)	-.0366*** (.0102)	-.0281*** (.00846)	-.00188 (.0105)	-.140** (.0711)
N	20340	20340	20340	20340	20340	20340

Probit regression of a dummy variable taking the value 1 if the respondents support protectionism; robust and clustered standard errors in parentheses; ***/** significant at 10/5/1 per cent; sample weights included to adjust the number of responses to the population number.

Source: Own calculations based on European Commission, 2018a

The variables covering political orientation and ideology deliver a further explanation for the observed unexpected positive correlation between free trade views and protectionist views. People who discuss political matters more frequently are less likely to support free trade views and protectionism at the same time. The same is true for respondents who express more positive feelings regarding immigration as well as for respondents who put their political orientation more to the left.

A very strong coefficient is observed for the variable *knowledge*. Respondents who are better informed about EU political matters less likely show positive correlation in their responses. The cumulated effect shows that, similarly to the case of education, the coefficient of the variable *free_trade* can be reduced by half when moving from a respondent who could not answer any of the questions regarding the EU to a respondent who gave a correct assessment of all statements. All three variables, *education*, *knowledge* and *discuss* deliver strong support for the hypothesis that at least part of the correlation of the responses regarding free trade and protectionism is due to the missing understanding of political matters and political alienation. An intensified discussion of the complex matter of international economics in the public debate may be helpful in achieving more clear cut preferences for trade policy. An important role in this regard can be attributed to the media. Except for social networks, all other media seem to play an important role for the magnitude of the coefficient of the variable *free_trade* in the regression of protectionism. Whereas increased consumption of television is associated with a higher probability of supporting free trade and protectionism at the same time, the contrary is the case for radio, press and internet. The consumption of these media seems to support the assessment of respondents regarding free trade and protectionism.

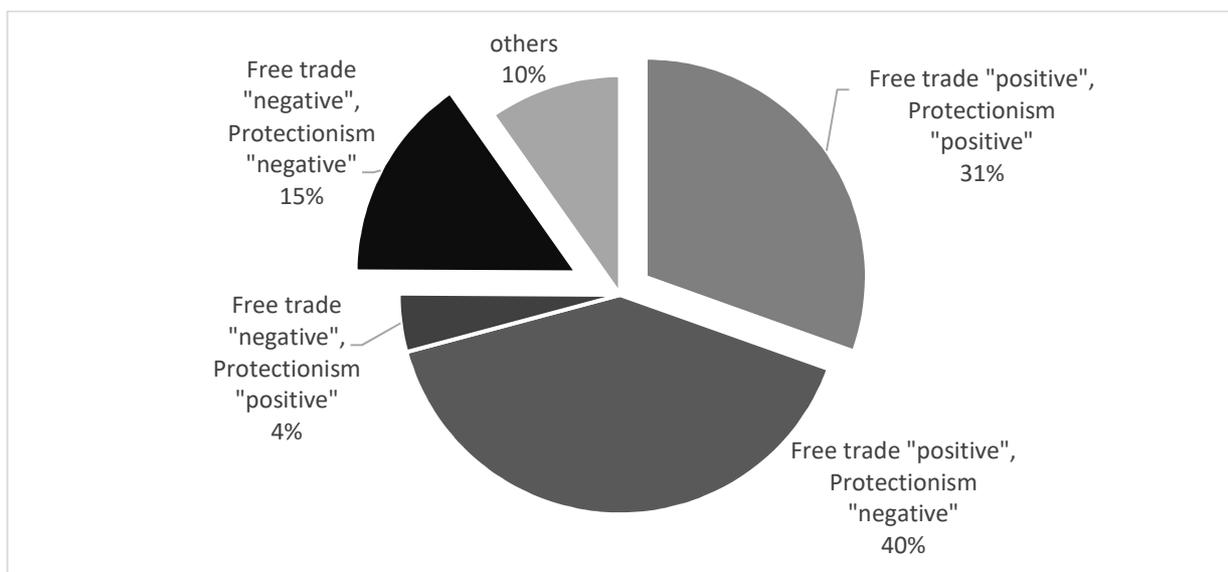
The last variable, *trustEU*, has a negative and highly significant coefficient of the interaction term. Respondents, who tend to trust the EU are less likely to support free trade and protectionism at the same time.

3.4. Robustness checks

The results of the extended empirical analysis indicate that knowledge and education are essential for better understanding of complex matters from the field of trade policy. However,

the introduction of the variable *trade* may be problematic due to endogeneity issues, which should arise as protectionism can be seen as the opposite of free trade and thus the attitudes towards protectionism and free trade should be, at least theoretically, negatively correlated. This is not the case in the Eurobarometer survey. Nevertheless, the robustness of the results from the previous subsection is tested using a different approach. A new dummy variable is generated taking the value 1 if the respondents expressed similar attitudes towards free trade and protectionism (positive or negative) and 0 if the respondents expressed opposite views on free trade and protectionism. The distribution of this variable is shown in Figure 4. More than half of the respondents, who gave a valid response to both questions, express similar views on free trade and protectionism.

Figure 4. Protectionist and free trade views



Source: EC, 2018a, own calculations

A further probit model investigates the correlation between the newly generated variable and the other variables used in the baseline model in column (5) of Table 1 above. The results are shown in Table 4. Contrary to the findings in the previous models, the variable capturing the perceived current situation of the economy is positively correlated with the probability of similar responses, while unemployment is negatively correlated with the observed positive correlation. The results capturing the effect of media consumption are different for the case of press as well. Though, the main findings remain stable, indicating that the probability of observing similar responses is negatively correlated with the levels of education and

knowledge of political matters. Furthermore, respondents who discuss political matters more often are less likely to express similar views on protectionism and free trade. The country fixed effects (not shown, available upon request) indicate that similar responses are given especially often in Greece, Romania, Ireland, Italy, Malta, Spain, and Cyprus. In Sweden, Denmark, Latvia, Finland, Lithuania, Germany and Portugal, on the contrary, the likelihood of similar responses is considerably lower.

4. Concluding remarks

The changing landscape of trade policy in recent years undoubtedly is related to changing voter preferences. Whereas free trade is still a term that brings rather positive thoughts to the mind of a sound majority of EU citizens, there are several EU countries where the majority of the citizens are supportive of protectionism. The present paper has investigated both the factors determining the level of support for protectionism and the positive correlation of responses to questions related to free trade and protectionism. EU citizens are more likely to support protectionism when the economy runs smoothly and reject protectionism if the national economy is not in the best condition. More support for protectionism is found among younger citizens and among those who mention equality as one of the three most important personal values. Weak support is found for the hypothesis that protectionism is more spread among citizens who are less open for foreign groups.

The extended empirical analysis delivers several explanations for the positive correlation of support for free trade and support for protectionism. Respondents to the Eurobarometer survey in late 2017 who evaluate the current economic situation of their country positively as well as those with a more favourable personal job situation show less positive correlation of their views on free trade and protectionism. The same is true for respondents who have positive feelings regarding immigration. Unemployment, bad economic situation as well as negative feelings regarding immigration are identified as possible reasons to call for protectionism while favouring free trade at the same time. This is in line with the findings of the Bertelsmann study that more support for international trade and globalisation can be achieved by a better system to help citizens negatively affected by globalisation (Bluth, 2018).

Table 4. Robustness check

	(1)
male	-.0603* (.0353)
age	.00303 (.00393)
age_quad	-.000105*** (3.34e-05)
educ	-.0627** (.0269)
class	-.00228 (.0243)
nat_econ	.0662** (.0314)
unemployed1	-.0705*** (.0264)
farmer_fisherman	-.196 (.200)
white_collar	-.0679 (.0490)
blue_collar	-.0254 (.0455)
party	.0168** (.00820)
party_quad	-.000177** (8.26e-05)
discuss	-.0151*** (.00492)
immigration	-.0215*** (.00538)
equality	.0458 (.0318)
knowledge	-.0270** (.0130)
tv	.0568*** (.0155)
radio	-.00798 (.00785)
press	.0211** (.00906)
inet	-.0310*** (.0101)
soc_net	.0173*** (.00655)
trustEU	-.0233 (.0386)
N	21603

Probit regression of a dummy variable taking the value 1 if the respondents express similar attitudes towards protectionism and free trade; robust standard errors in parentheses; */**/***/ significant at 10/5/1 per cent; robust and clustered standard errors in brackets; sample weights included to adjust the number of responses to the population number.

Source: Own calculations based on data from EC, 2018a

The results of the empirical analysis show, though, that to a large extent, the positive correlation attitudes toward free trade and protectionism are a matter of missing knowledge concerning political issues. Better educated EU citizens, those who show a higher level of knowledge regarding basic EU-related facts as well as those who discuss more often political matters with friends are less likely to support free trade and protectionism at the same time less. An intensified discussion of the highly complex matter of international economics in the public debate may be helpful in addressing the issue of emerging protectionist views. An important role in this regard can be attributed to the media. Whereas increased consumption of television is associated with a higher probability of supporting free trade and protectionism at the same time, the contrary is the case for radio, press and internet. A possible way to tackle this problem is a broad information strategy across several media channels including addressing the question of why television consumption is associated with higher similarity of attitudes towards free trade and protectionism. This issue should be the subject of further research.

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