

When do business groups embrace outside lobbying in trade policy? The case of the CPTPP in Chile.



¿Cuándo adoptan los grupos empresariales el lobby externo en la política comercial? El caso del CPTPP en Chile.

Quando é que os grupos empresariais adotam o lobbying externo na política comercial? O caso do CPTPP no Chile.

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ABSTRACT

Literature shows that business interest groups have fewer incentives to embrace outside lobbying in trade policy. This article proposes an alternative explanation. As we discuss, special economic interests are more likely to adopt a specific subtype of outside lobbying (press, media appearances and op-eds) when policymakers are not responsible for them, and their long-term interests associated with a model of open trade are potentially threatened. We test our argument with the case of Chile and the long debate around the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) ratification process. Our results support the hypothesis: businesses have a greater probability of media appearances, publishing op-eds, and the like, in comparison to other lobbies, such as labor and single-issue groups against the treaty. However, the effect is conditional to salience: the subtype of outside lobbying from business groups is more likely to be observed as the distance to the social outbursts of October 2019 increases.

Keywords: outside lobbying- business groups – trade policy - CPTPP

RESUMO

A literatura mostra que os grupos de interesses empresariais têm menos incentivos para adotar o lobbying externo em matéria de política comercial. Este artigo propõe uma explicação alternativa. Como discutimos, os interesses económicos especiais são mais propensos a adotar um subtipo específico de lobbying externo (imprensa, aparições nos meios de comunicação social e artigos de opinião) quando os decisores políticos não são responsáveis por eles e os seus interesses

de longo prazo associados a um modelo de comércio aberto estão potencialmente ameaçados. Testamos o nosso argumento com o caso do Chile e o longo debate em torno do processo de ratificação do Acordo Global e Progressivo para a Parceria Transpácífica (CPTPP). Os nossos resultados corroboram a hipótese: as empresas têm uma maior probabilidade de aparecer nos meios de comunicação social, publicar artigos de opinião e afins, em comparação com outros grupos de pressão, como os grupos laborais e os grupos de ação única contra o tratado. No entanto, o efeito está condicionado à saliência: o subtipo de lobbying externo de grupos empresariais é mais provável de ser observado à medida que aumenta a distância para as explosões sociais de outubro de 2019.

Palavras-chave: lobbying externo - grupos empresariais - política comercial - CPTPP

RESUMEN

La literatura muestra que los grupos de interés empresariales tienen menos incentivos para adoptar medidas de presión externas en política comercial. Este artículo propone una explicación alternativa. Como discutimos, es más probable que los intereses económicos especiales adopten un subtipo específico de lobby externo (prensa, apariciones en los medios y artículos de opinión) cuando los políticos no son responsables de ellos, y sus intereses a largo plazo asociados a un modelo de comercio abierto se ven potencialmente amenazados. Ponemos a prueba nuestro argumento con el caso de Chile y el largo debate en torno al proceso de ratificación del Acuerdo Integral y Progresista de Asociación Transpácífico (CPTPP). Nuestros resultados apoyan la hipótesis: las empresas tienen una mayor probabilidad de aparecer en los medios de comunicación, publicar artículos de opinión y similares, en comparación con otros grupos de presión, como los sindicatos y los grupos monotemáticos contrarios al tratado. Sin embargo, el efecto está condicionado a la saliencia: es más probable observar el subtipo de lobby externo de los grupos empresariales a medida que aumenta la distancia a los estallidos sociales de octubre de 2019.

Palabras clave: lobby externo - grupos empresariales - política comercial – CPTPP

INTRODUCTION

In October 2019, protestors took the streets in Santiago and other Chilean cities voicing demands about social security, health access and education, among other issues. Surprisingly, among the posters and canvases of the people protesting, as well as graffiti in the streets, you could find explicit references against the Comprehensive and Progressive Trans Pacific Partnership Agreement CPTPP⁴ (known before as TPP before the United States left negotiations). Moreover, a new radical left coalition took office in March 2022, with a different discourse towards preferential trade agreements than in previous years. For the first time since 1990, it gave the impression that decision makers wanted to profoundly change the country's trade policy implemented by center left and right governments between 1990 and 2021. This view represented a drastic departure from the previous elite consensus around an open trade policy.

The article argues that this particular political environment, and the politicization of the trade policy, induced business lobbies to embrace a more aggressive strategy to advocate in favor of the CPTPP. They were encouraged by the fear that Chilean politics could be redirected towards a less trade openness-oriented model, perhaps more similar to the import

4. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a plurilateral economic integration agreement in the Asia-Pacific region. It covers various aspects of trade policy, such as market access in goods, trade facilitation, government procurement, intellectual property, services, e-commerce, investment, environment, labor issues, among others. Currently, the CPTPP is in force for the 11 original signatory countries, namely: Australia, Brunei Darussalam, Canada, Chile, Malaysia, Mexico, Japan, New Zealand, Peru, Singapore and Vietnam, and its objectives include promoting economic integration, establishing predictable legal frameworks for trade, facilitating regional trade, promoting sustainable growth, among others. (Subrei, 2023)

substitution model of the 60s. This outcome is somehow puzzling. Indeed, most of the literature assumes that outside lobbying – actions that are thought to be oriented to the mobilization of public opinion — is not a mechanism chosen by business lobbies (i.e., Binderkrantz, 2005; Dür and Mateo, 2013; Kollman, 1998, Dür and Mateo 2024). Moreover, the literature examining the link between interests' groups and trade, focuses overwhelmingly on the actions of activists and groups against trade policy (Dür and Mateo, 2014; Gheyle and De Ville, 2019). An alternative explanation is made in this article, as outlined above: where there is a misalignment of preferences between business lobbies and policymakers on trade policy, groups have incentives to embrace a more aggressive specific type of outside lobbying: press releases, op-eds, interviews, and the like. Moreover, following previous works (Dür and Mateo, 2023; De Bruycker and Beyers, 2018), our model specification assumes that outside lobbying by business groups would be conditional to salience.

The argument is tested in the case of Chile. The country experienced a long period of a stable trade policy based on a general consensus that the signing of preferential trade agreements (PTAs) were supposedly beneficial (Aninat, Navia et al., 2006; Fermandois and Henríquez, 2005). Moreover, business participated actively (Bull, 2008). In recent years however, political elites started to become polarized around the issue. Indeed, after the signing of the CPTPP in 2018, the National Congress spent almost five years ratifying the agreement. This was quite unusual in comparison to the time spent in Congressional approval of other PTAs on average. Moreover, single issue groups against the CPTPP emerged during the debate process towards the signing of the agreement. They conducted the first protests around the trade policy in Chile.

Original data was collected on inside and outside lobbying actions between 2018 and 2022 in Chile. The observational data allows testing of the following hypothesis: business lobbies are more likely to embrace outside lobbying and the effect is more pronounced when moving away from the social crisis when the CPTPP was more salient. We consider the social outbursts of October 2019 as a point in time where the debate about the CPTPP was more prominent. Salience is the proxy of politicization. As the model specifies, businesses have incentives to avoid going public when the public is paying too much attention to the issue at stake. The results confirm that businesses in Chile embrace outside lobbying more often in comparison to labor groups, and more importantly, in comparison to single-issue lobbies against the agreement. This pattern, however, is sensitive to salience (politicization).

The empirical test has implications for understanding the lobbying dynamics in the case of trade policy. This paper's contribution is two-fold. Firstly, for understanding the representation of interests in contexts of politicization of trade, such as the CPTPP in Chile. Secondly, adding to the incipient literature on lobbying in Latin America regarding trade policy issues. The latter is because there are only a few empirical studies available in the region about lobbying dynamics, and most of them focus on direct lobbying (face to face contacts) with legislators or at committee hearings (i.e., Vallejo Vera, 2021). A potential exception is the case

study of Benzecry (2023) on labor lobbying the Brazilian constitutional assembly. To the best of our knowledge, this is one of the first articles examining lobbying campaigns by business groups in trade policy in Latin America. The role of interests' groups in trade policy has been studied mainly in Western European democracies. This work contributes to this line of research.

The next section presents our theoretical framework, presenting the concepts encompassing the notion of outside lobbying and the foundations of our theoretical model. Then, the main insights of the Chilean case are outlined, followed by the research design, data and results. Finally, the main implications of the analysis are presented.

FRAMEWORK: when do business groups embrace outside lobbying in trade policy?.....

Trade policy is usually analyzed from an economic perspective, focusing on protectionism and openness of markets to global or regional trade, and primarily in goods. More recently, scholars have moved towards examining the formation of trade policy and the influence of lobbies and interests groups (Hoeckman, Mattoo and English, 2002). In a global scenario increasingly linked by commerce, the dichotomy between protectionism and those advocating open markets has become more complicated than only tariffs. The growing complexity of trade policy, the relevance in the development countries agendas and the incorporation of new topics in PTAs has attracted new lobbies and groups to participate more actively in trade debates (Eliasson and García-Durán Huet 2016; Bull, 2008). From an ideational perspective, for instance, Dingwerth and Weinhardt (2019) show how new concepts such as genderization, environment and democracy are now part of the trade debates. This is the case, as we argue in this article, of the CPTPP.

Some interest groups have been more visible than others in trade policies. This is the case, for instance, of groups protecting agriculture, especially in the European negotiations, or environmental protectionist groups against the North American Free Trade Agreement (NAFTA) or the WTO Ministerial Meeting held in Seattle in 1999, among others (Grossman and Helpman 2002). The complexity of international trade negotiations requires participation with a high degree of technical knowledge on the subject (Bull, 2008). However, under democratic and pluralist conditions, the number of interest groups that participate in trade policy debates will increase and often generate alliances with governments that can be useful at the international level (Lee 2010).

Despite the extensive literature, political science does not establish a single definition of interest groups (Baumgartner & Leech 1998). Some authors have managed to identify two categories. On the one hand, those groups whose purpose is closely related to the defense of an economic position that pursue their own benefit, such as business associations. On the other hand, public interest groups that promote issues of concern to large groups such as human rights or the environment (Jerez, 1997). In reference to the first category, several studies have analyzed how business

groups are able to advance their interests in international economic negotiations, or in cases such as agricultural protection or geographical indications in the European Union (Baccini, Dür, Elsig, and Milewicz, 2011; Bombardini and Trebbi, 2012; Dür and Lechner, 2015; Elsig and Dupont, 2012). On the other hand, the economic policy approach that studies the process of trade policy formation assumes that politicians and governments are rational agents, maximizing welfare based on their own and their voters' welfare. Grossman and Helpman (2002) use this approach in which they build a model that predicts the tariff structure resulting from the influence of interest groups in a free trade agreement negotiation.

Lobbies and interest groups' aim is influencing policy content and decisions. This premise holds whether we examine patterns of lobbying in trade policy or in other policy areas and issues. In pursuing influence, groups and lobbies may adopt different tactics or strategies, which is the focus of this research. The literature organizes these different strategies adopted by them: direct (also known as insider) and outside or indirect (media and grassroots) (Dür and Mateo, 2013; Nicolle Victor, 2007; Binderkrantz, 2005; Binderkrantz, 2008; Weiler and Brändli 2015). Operationally, inside lobbying corresponds to direct actions or approaches to representatives or policymakers in meetings, legislative hearings, and other face to face contacts. This type of lobby is very common. However, sometimes it is also polemic, since contacts between lobbies and representatives are usually subject to suspicion and criticism. Outside lobbying, meanwhile, encompasses all actions oriented to the mobilization of public opinion (Beyers, 2004). Specifically, outside lobbying comprehends approaching journalists, social media adverts, press releases, grassroots meetings, demonstrations, public campaigns, among others (De Bruycker and Beyers, 2019; Mahoney, 2007). In this article, the focus will be on outside lobbying actions mainly associated with the press and media outlets. In the case of lobbying on trade policy, this is considered as a subtype of outside lobbying which has been less covered in the comparative literature and case studies.

The literature also discusses the main determinants of how to lobby, or the particular venues that interest groups focus on when seeking to influence policy or regulations. The choices about the type of lobbying strategies to be employed, are endogenously linked to characteristics of the interests' groups (Binderkrantz 2008, Dür and Mateo, 2013). Indeed, a predominant stream in the literature identifies that business lobbies are in a privileged position because of their resources and budget. Hence, they spend them on implementing direct strategies to approach policymakers. Evidence from the United States ratifies that lobbyists and interest groups with more resources embrace direct lobbying activities more often (Nicolle Victor, 2007: 840). Evidence from a sample of lobbyists and groups in Chile also show that cause groups are more likely to embrace indirect tactics (Dockendorff et al., 2024). Corporate leaders only occasionally use outside lobbying tactics (Kollman, 1998:5). Another reason may also explain why business lobbies focus on direct lobbying tactics. Indeed, as Culpepper (2011) argues, business and corporate groups achieve their goals more often under conditions that he refers to as "quiet

politics', while failing to attain their preferences when the issue is of high political salience. In contrast, less privileged lobbies engage in outside lobbying activities more frequently (Binderkrantz, 2005: 697). For instance, citizens' organizations (with less resources) would be more prone to participate in public campaigns, demonstrations (Dür and Mateo, 2013: 661; Schlozman and Tierney, 1986: 431) or public campaigns, as data from Scandinavian politics shows (Binderkrantz, 2008). As it stands, in the case of business groups it seems to apply the idea that outside lobbying "is not always an optimal strategy or even feasible" (Mahoney, 2007: 109). An alternative explanation, however, emerges when analyzing business lobbying repertoires in trade policy. Our approach encompasses the literature on outside lobbying and trade policy. The baseline model maintains that, under certain specific conditions, economic lobbies may have incentives to embrace a particular subtype of outside lobbying (approaching journalists, issue advertising, op-eds, and interviews) more aggressively. In the next paragraphs our model will be specified.

OUTSIDE LOBBYING IN TRADE POLICY: the argument

The literature has addressed lobbying dynamics over trade policy, focusing on firms and companies both from a theoretical and an empirical perspective (i.e., Bombardini and Trebbi, 2012; Hanegraaff, Poletti and Van Ommeren, 2023). In respect of outside lobbying, the topic examined here, scholars have been focused mainly on the role of anti-trade interests' groups in sustaining opposition to trade through grassroots mobilizations and campaigns (Dür and Mateo, 2014; De Bièvre and Poletti, 2020; Eliasson and Garcia-Duran Huet, 2018; Kay and Evans 2018; Gheyle and De Ville, 2019; Young 2019). Protests in Europe, Seattle and other major cities in Western democracies against specific trade agreements or the WTO are well known. Hence, the literature has addressed the issue of how different actors and lobbies react to the politicization of trade (Dür, Hamilton et al., 2024; De Vries, et al., 2021). Antoine (et al., 2024) provides evidence that a more diverse mobilization of the business sector during debates on trade combined to less salience may induce decisions in favor of trade liberalization. This is due to legitimacy gains associated with the diversity.

In what follows, we discuss the conditions under which business lobbies do public campaigns in advocating their preferred policies regarding trade.

An explanation would highlight that grassroots and protests are more prominent forms of lobbying, and anti-trade and labor groups more likely to drive such actions. Indeed, outside lobbying's main goal is assumed to be the socialization of conflict by targeting a wider audience. As Kollman (1998: xiii) noted, outside lobbying's goal is to signal to policymakers, public support to the lobby's preferred policy. If one follows that approach, conflict expansion would imply realistic chances of increasing public support in order to attain influence. As such, it is more realistic to assume that lobbies without access to policymakers would focus more on campaigning for promoting their preferred trade policy. As will

be discussed below, there is an alternative story. The opposite may be expected from economic lobbies. Stevens and De Bruyecker (2020) show, with evidence from a survey to lobbyists in the context of the European Union, lobbies enjoying resource advantages attain their goals at a higher rate, but this is conditional to the low salience of the issues under debate.

Deriving from the lobbying literature and the insights of the case examined here, the article focuses specifically on press and media actions, as a specific subtype of outside lobbying in trade policy. The understanding is that such actions constitute a second-best strategy for business groups. When they fail to persuade policymakers directly, business lobbies have incentives to adopt a more aggressive public profile in advocating their preferences. As noted by Wolton (2019), special groups defending the status quo would embrace outside lobbying after they failed to persuade policymakers to rule according to the group preference. This may be a particularly attractive tactic when decision makers are not sensitive to lobbies' demands. Recall that, ultimately, in the original formulation of Schattschneider (1957): socialization of conflict, equivalent here to outside lobbying, is a strategy more frequently used by those actors (agents) who see themselves as harmed by a particular political result. Now, think about the position of business lobbies defending the continuity of the open trade policy. This, against the position of political reformers who endorsed a platform of radical change, as in the case studied here, Chile. Hence, a drastic policy change, meaning in this case the adoption of some form of protectionism and perhaps state-led strategies, meant a serious setback for business. This is not trivial, from an empirical point of view. Indeed, the Wolton (2019) model proposes that outside lobbying is more likely in cases of overreaching policy reforms –the case of potentially comprehensive policy shifts in the trade policy as studied here. Differently, business lobbies may engage in outside lobbying in “difficult issues as a last resort” (Mahoney, 2007:53). This reconciles with qualitative evidence gathered by the authors. In fact, one interviewee who organized the Side Room (a place established by the government for civil society consultation during negotiations) claimed that “the private sector got involved with the CPTPP only in the final phases because the opposition to the agreement shifted towards an opposition to the Chilean trade policy”.⁵

In the case of trade policy, it is not realistic to suppose that business would gamble for a social mobilization in favor of the free trade agreement or a drastic increase in the salience of the trade policy among the public priorities. On the contrary, if anything is expected, it would be mobilization of activists and other lobbies against trade, as several examples demonstrate (Gheyle and De Ville, 2019). Instead, in trade policy debates, it is more accurate to conceive outside lobbying, in the press and media variant, as a strategy played by business lobbies to target insiders who are more sensitive to news stories (Trapp and Laursen, 2017). A signaling game where business actors ought to induce elites and policymakers towards their preferences by pressuring them from the media environment, for example by spending resources in issue advertising, op-eds, interviews and the like. This is the specific form of outside

5. Senior Advisor, CPTPP Side Room. Interview conducted on the 12th of July, 2023. Some interviews were conducted with senior political advisors and authorities who conducted the negotiations of the CPTPP in representation of Chile (N=3).

lobbying examined here, as outlined above. Model specification is an extension of Dür & Mateo (2014), who emphasize the interdependence between public opinion and interest groups in the policymaking process, as the negotiations about ACTA show. However, this article approach focuses more on campaigns conducted by lobbies using the press and media outlets to pressure policymakers, instead of inducing a mobilization of the public opinion.

6. For a conceptual debate and operationalization, See De Wilde (2011).

Model specification is conditional to the salience of trade policy, which is one of the components of politicization (i.e., De Bièvre 2018).⁶ Dür and Mateo (2024) showed that when politicization is mounting and trade policy debates are more salient, business groups prefer to go into hiding and focus more on inside lobbying tactics. Meanwhile, De Bruycker and Beyers (2018) have documented that, under certain circumstances, lobbies may decide to go public and do outside lobbying, but this is conditional on whether the issue at stake is popular among the public or not. Likewise, qualitative evidence from the EU showed how the financial lobbies may embrace a mix of strategies to “get back on its feet” after the financial crisis, including both quiet and “noisy politics” (Kastner, 2018). In particular, the author argues that when the contextual effects of the financial crisis started to vanish, industries started to recover their previous position by going out and forming coalitions, arguing in a more appealing way and circulating evidence to support their position against the financial transaction tax. Hence, after some time elapsed since the crisis unfolded, economic lobbies adopted a more aggressive outside lobbying strategy. Therefore, in the sequence we put forward, when business groups are induced by policymakers’ lack of responsiveness to embrace outside lobbying on trade policy, they ponder the level of politicization, in particular salience.

Deriving from insights of the literature on both outside lobbying and trade policy, we argue that when business interests are threatened long term, they adopt a more confrontational stance and embrace outside lobbying more aggressively as a last resort. All else being equal, business would embrace outside lobbying when there is a misalignment between lobbies and policymakers preferences regarding trade policy. This would be the optimal strategy when the trade debate is less salient.

Hypothesis: *business lobbies are more likely to embrace outside lobbying (median, press, op-eds) and the effect is more pronounced when the trade issue is less salient.*

CASE SELECTION AND DATA

This is a case study of the ratification of the CPTPP in Chile. The stylized facts show that the ratification process creates incentives for business lobbies to embrace outside lobbying actions more often. Politicization of trade in Chile was something new. The Chilean trade policy was characterized by a general consensus that having an open economy to the world and signing PTAs were supposedly beneficial (Aninat, Navia et al., 2006; Van Klaveren 2011; Fernandois and Henríquez, 2005). Since 1990, the center-left governments have conducted an economic policy that

fostered Free Trade Agreements (FTA) with countries all around the globe. Previous ratification processes, such as the Chile-U.S. FTA were characterized by *low intensity politics*. Debates during ratifications of those agreements were associated mainly to the interests of farmers and similar groups. In some cases, legislators representing districts with industries or farmers that may be harmed by specific FTAs, may voice their opposition to specific provisions (López and Baeza, 2015). However, the opposition to FTAs was not associated with profound ideological differences or a questioning about the trade policy.

In 2018, President Piñera, from the center-right coalition Chile Vamos, entered Palacio de la Moneda, the Chilean presidential palace, for a second presidential term, with significant distance to his contenders. In the Program was a clear continuity to the trade policy orientation since 1990. In particular, the manifesto included a favorable position towards the strategy of signing FTAs, including the CPTPP. Recall that the negotiation started back in 2016. The candidate who came second was Alejandro Guillier, who represented the parties of the former Concertación por la Democracia, a center-left coalition that won the election against Pinochet in 1990. In the campaign program it was pointed out that Latin America and its insertion would be a priority but that they would also improve the possibilities of looking to diversify its export basket with scale initiatives in our relations with Asia Pacific. This was clearly a continuity. Finally, the surprise was that the candidate of the current President Boric's party, Frente Amplio, Beatriz Sanchez, was the third most voted candidate in 2017. In her programme, she questioned the insertion model as part of the neoliberal system and proposed a new model, in which continuity in trade policy was not evident.

At the system level, the positions of Chilean parties on trade policy are observable in parliamentary surveys. The Parliamentary Elites Survey Project (PELA) data shows that Chilean parliamentarians are more favorable to economic integration with the U.S and the EU in comparison to other legislators in Latin America, and the contrary occurs in the case of the Alianza Bolivariana para los Pueblos de Nuestra América (ALBA) (Bohigues and Rivas, 2019). Moreover, those attitudes seem to be explained by ideological and programmatic factors, with right wing legislators more supportive of commercial integration with the U.E and the E.U and left wing closer to the ALBA.

Specifically, the positions of Chilean parties regarding the CPTPP are observable in the votes during the treaty ratification. As recent research shows (see López et al., 2024), new leftists parties, part of the coalition Frente Amplio, and the Communist Party legislators were among those more critical to the ratification of the CPTPP, joined by legislators from the center left. The gridlock in the ratification process is explained in part due to the fierce opposition of those lefties parties, in the opposition to Piñera's government at that time.

Low intensity politics changed during the debate of the CPTPP. Not only unprecedented demonstrations took place and graffiti during the 2019 social outburst showed popular opposition to the trade from radical groups, but also an ascending political force, Frente Amplio, would make

7. On the other hand, specialized social organizations said they were “in the dark” regarding the negotiation of the treaty and its legitimacy (El Mostrador, 2016), leading to the Direcon’s adoption of the so-called “Cuarto Adjunto” (side room of negotiations, that was implemented during Nafta negotiations for the private sector) The CPTPP vote in the Chamber of Deputies and the Senate revealed a division that was not present before.

the opposition towards the CPTPP a flagship in the questioning of the commercial policy of the country.⁷ The salience of the CPTPP reached a peak around October 2019. To support this claim, we corroborate this by checking the search terms frequency of Google, which is easily replicable. Meanwhile, anti-trade lobbies involve shifting the discourse away from the traditional dichotomy of free trade versus protectionism and redirecting the debate toward ideological and cultural dimensions such as legitimacy and sovereignty. The defensive position of business lobbies, who supported the ratification, was aggravated when the new leftist coalition took office with anti-trade policy stances.

Mobilization and demonstrations against the CPTPP began in 2016 (GLOBAL TIMES 2016). Those protests produced concern among policymakers and trade experts, as our interviews corroborate. Those demonstrations were also cause for concern internationally (Sputnik Mundo, 2016). Hence, the Chilean government at the time invested in a huge campaign to change back the criticism which was prominent among the protestors and single-issue groups leading the protests, such as “Chile Better Without TPP11”. This is indicative of how, for the first time, policymakers had to consider the new role of lobbies and civil society. After the subscription of the agreement in 2018, in Viña del Mar, Chile, protests, demonstrations and public campaigns in social networks mobilized students and unions. Criticism and demonstrations endured even after the United States withdrew from the agreement under the presidency of Donald Trump and some of the disciplines that were criticized were taken out. Another element of the policy environment was the demand for transparency about the negotiations and the contents of the agreement, that never happened before with any other PTA, while they were negotiated with the same approach.

The CPTPP received strong criticism regarding the negotiations and contents of the agreement. Hence, public officials and policymakers deployed a media strategy which ought to demonstrate why the CPTPP was good for the country. Social organizations specialized on trade declared to be “in the dark ” about the negotiation, questioning the legitimacy of the treaty. This is why the DIRECON (now the undersecretary for economic international relations, Subrei) adopted the strategy of having a “Cuarto Adjunto”.

The research design contemplates an exhaustive review of the leading media outlets of Chile between January 2018 and December 2022. Five newspapers and media outlets are included in the data entry: El Mercurio; La Tercera; La Segunda; El Mostrador and El Financiero. The data also comprises public information recorded by the Law 20,730, that regulates lobbying and representation of interests with authorities and representatives. The unit of analysis is lobbying action. Then, the data was hand-coded with each action, meeting or news to characterize the type of the lobbying action involved, inside or outside lobbying, the type of group behind each action, the distance, in days, to the social outburst, which was the point of greater salience of the CPTPP, among others.

As the data collected showed, different types of interest groups participate in both direct lobbying actions and, our focus here, outside

lobbying activities. Descriptive statistics reveal interesting features of the lobbying dynamic around the CPTPP. Around 42% of the total lobbying activity was inside lobbying to policymakers, including meetings with government representatives and legislators. Almost 58% of the lobbying was coded as outside lobbying, encompassing op-eds, interviews, seminars and public campaigns, against and in favor. Only the 6.6% of the lobbying activity of labor groups were coded as direct lobbying. This corresponds to presentations at committee hearings and meetings with authorities and representatives recorded following the mandate of the Lobbying Law 20730 passed in 2014. It is worth mentioning that labor groups, as the inferential analysis will corroborate, were all against the ratification of the CPTPP. Meanwhile, single issue groups against the CPTPP, such as “Chile Better Without TPP11” also concentrate their lobbying activities on inside actions (79%), where outside activities represent only 21% of the total lobbying. In the case of both labor and single-issue lobbies, most of their activities included in the sample are presentations at committee hearings at the Chamber of Deputies and the Senate, during the long process of ratification.

Descriptive statistics of business lobbies support the hypothesis suggesting that business lobbies in the CPTPP in Chile embrace outside lobbying more often. As data shows, almost 80% of the lobbying activity of business groups was coded as outside lobbying. This is the opposite figure in comparison to the single-issue groups mentioned above. Those actions were mainly interviews with national media outlets such as *El Mercurio*, *La Tercera*, *El Financiero* and *El Mostrador* and op eds in the same newspapers and online media outlets. Even though they participate in legislative hearings, in comparison to other groups against the CPTPP they focus more on on-going public campaigning in favor of the ratification.

RESULTS AND ANALYSIS

This section presents the main results of the analysis. The dependent variable is a dummy that takes the value of 1 when the meeting corresponds to the category *Outside Lobbying* (zero otherwise). The main independent variable captures whether we are in the presence of a business lobby or not. Given our model specification, it includes a continuous variable that captures the distance in days (logarithm) to the social crisis of October 2019. Also, the model is controlled for the variable *Labor Group*, which is a dichotomous variable indicating if the group in each lobbying action was coded labor or not. The same logic underlies the control variable *Single Issue Group*, which basically encompasses groups against the CPTPP.

Table 1 - Outside Lobbying in the TPP11 Ratification Process

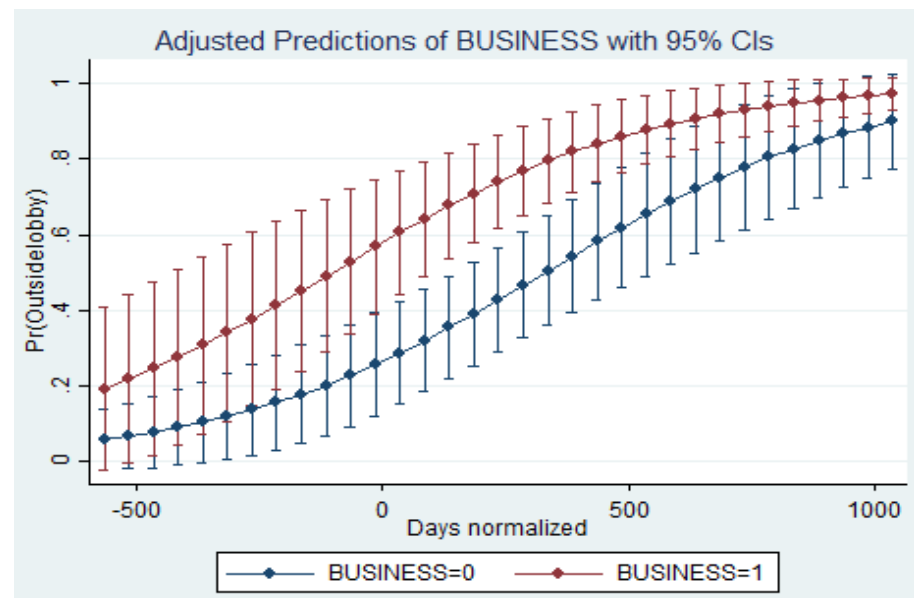
	(Logit Model)
VARIABLES	Outside Lobbying
Business Group	1.337***
	(0.431)
Days to Social Outburst	0.003***
	(0.0008)
Labor Group	-3.677***
	(1.240)
Single Issue Group	-1.303
	(0.849)
Piñera Government	0.753
	(1.169)
Constant	-1.155
	(1.151)
Observations	177
R-squared	0.37

Standard errors in parentheses. * $p < .10$ ** $p < 0.05$, *** $p < 0.01$.

Source: elaborated by the authors.

Table 1 summarizes the main results. Given the binary character of the dependent variable, a logit model was run. The coefficient of our independent variable *Business Group* is positive, and it is statistically significant at the 0.01 level. This supports, at the correlational level, the effect that the hypothesis anticipated. Meanwhile, the variable *Days to Social Outburst* yields an upward estimate. This corroborates that as we move away from the social crisis with topics such as the CPTPP mobilizing different lobbies and social groups, *Outside Lobbying*, which we know now that was impulse primarily by business lobbies, increases.

Figure 1 - Marginal Effects of Outside Lobbying by Group and Time to Social Outburst



Source: elaborated by the authors.

Table 1 also shows that the variable *Labor Groups* has a negative coefficient, and it is statistically significant at the 0.01 level. Thus, in the case of unions and the alike, it could be observed to have the opposite effect in comparison to business lobbies. The control variables for *Single-Issue* and *Piñera Government* are not statistically significant at any level. Predicted probabilities show the monotonic increase in the probability of observing outside lobbying as the temporal distance to the social outburst increases but not in both extremes of the variable capturing time before and after October 2019. The probability increases after the occurrence of the social outburst. Distinguishing between *Business Groups* and the rest allows us to disentangle the different behaviors of business in comparison to the reference group (non-business lobbies). Overall, the results showed that the probability of embracing outside lobbying actions is on average 20% higher for business groups. However, at both ends of the distribution confidence intervals overlap, meaning that there has to be caution in the interpretation of the results. As noted above, Figure 1 also shows that outside lobbying increases monotonically only after the social outburst and not before and after. It is expected to be a u-shaped curve, with increasing levels of outside lobbying from economic groups on the left of the distribution and again higher values as we move towards the right extreme. A plausible explanation for the linear outcome that it could observe, would emphasize that as we move toward the right, the perception of gridlock in Congress in the ratification of the CPTPP was higher. Also, the right of the distribution coincides with the government of a new leftist coalition embracing anti trade views, elected in December 2021.

Mean differences would ease the interpretation of the results. Indeed, while the average distance to the social outburst in our full sample was 286 days, in the case of Business Lobbies the mean was 389. The difference is particularly pronounced with Single Issue groups, where the mean distance to the social outburst in their case was only 45 days. The difference, in days, with Labor Groups is less pronounced. This result suggests that Labor organizations were more present during the different phases of the debate. Single-issue groups opposing the CPTPP, probably with less resources and personnel, concentrate their participation at a time when politicization is more intense.⁸

Preliminary results indicate rejection of the null hypothesis that group type and indirect lobbying actions are uncorrelated at all standard significance levels. Overall, the results corroborate, at the correlational level, that business lobbies in Chile focus more strongly on outside lobbying strategies in comparison to other lobbies, such as labor and single-issue groups, in the case of the debate surrounding the CPTPP ratification. Moreover, the effect seems to be sensitive to the salience of the trade debate. Mean differences also corroborate that business lobbies prefer to go out when we move away from the days of the social outburst when politicization was higher. Hence, business would embrace outside lobbying, but this is conditional to salience and politicization.

8. The literature showed that less resourceful groups have more limited lobbying repertoires. In comparison to business, for example, they usually lack personal and resources (Victor 2007; Binderkrantz 2008).

DISCUSSION

Trade policy is an increasingly contested area. In this case study it examined the politicization of the trade policy in a political system, Chile, where debates around trade since the democratic restoration in 1990 were mostly technical and with a high degree of consensus. Moreover, there was an agreement implemented among the main political parties of the policy to foster an economic model based on open and free trade. This translated into the subscription of several PTAs with both major economic powers and other polities of similar size with Chile. In this scenario, business lobbies have few incentives for embracing an aggressive strategy for lobbying in favor of an open trade policy. This scenario was completely transformed with the debate around the CPTPP. Increasing polarization and the emergence of single-issue lobbies and a new political coalition against the deal, and more generally, with a critical assessment of the trade policy implemented since 1990, induced business actors to adopt a more aggressive tone in public debates.

The hypothesis for when businesses decide to campaign actively for their preferred trade policy has received scarce attention. The empirical test outlined in this article does not challenge the prediction that business lobbies, all else equal, would prefer inside lobbying or a direct approach to policymakers. Instead, the conditions are established for when a specific form of outside lobbying, interviews, press releases and issue advertising, would be a suitable sub-optimal strategy for business lobbies in trade policy. For those who assume that outside lobbying in trade policy is generally driven by anti-trade activists and labor, the results would be somewhat puzzling. The model tests an alternative explanation: businesses have incentives to focus more on campaigning and doing issue advertising when policymakers seem to be biased against their preference. This type of lobbying by business or economic groups is conditional to the salience of topics. The data fits the hypothesis.

The dynamic described in this research, may be indicative of a form of lobbying which can be extended to other actors besides business, such as labor or cause groups. For instance, a recent case study of labor lobbying to the Brazilian constitutional assembly, showed that those activists adopted strategies to pressure uncommitted legislators by discrediting them in front of the workers and the public. This type of lobbying was labeled as a “legislative disincentive” (Benzecry, 2023). The indirect lobbying deployed in the case of the CPTPP in Chile was relatively close.

Some implications arise. Firstly, the analysis provides a characterization of lobbies strategies in pursuing influence. Previous research has shown that businesses avoid public campaigns and prefer to approach policymakers directly. This article sets the conditions for observing a different pattern: confronted by hostile policymakers, business will embrace outside lobbying in the variants of press releases, interviews, op-eds and other media advertising. Secondly, we contribute to the study of a case of politicized trade policy: the CPTPP. Chile was somehow a least likely case for observing a policy change that may take trade policy away from the business preferred option. Against those odds, Chile experimented

with both the politicization of trade policy by activists and new leftist parties which ultimately create the conditions for business groups clinching outside lobbying.

CONCLUSION

International cooperation is increasingly more contested and part of public debates in democracies worldwide. Mobilization against FTA is more visible. Perhaps, this is due to the fact that protests and rallies are more likely to capture the attention of the public. However, economic lobbies also go out campaigning to protect their interests under certain circumstances. In a time where open trade policy is contested by governments that incentivize protectionism, and when multilateral instances are subject of increasing criticism, understanding the effect of public campaigns against and pro FTAs is important.

From the perspective of the functioning of democratic institutions, promoting public and transparent debates about trade policy in this new more demanding civil society seems to be important. The politicization of international cooperation or, in particular in this case, trade policies, may affect the ability of governments to foster exchanges with other economies, which ultimately may lead to inclusive economic growth and social mobility.

The politicization of trade policy in Chile, and the aggressive strategy of business groups regarding the CPTPP, suggests the perils of polarization in Latin America, a region where economic integration is at best, limited. Further research may incorporate similar debates in other Latin American settings. The role of interests' groups in trade policy has been studied mainly in Western European democracies. More studies on Latin American settings may enhance our understanding of this important topic.

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