

# > Trade, Populism and Public Opinion

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## MOTIVATION

Myriad explanations have been offered for rising anti-globalization sentiment in the U.S. While not capturing the nuances of the debate, there are two large ‘camps’ of explanation, one economic and the other cultural. In the former, the culprit ranges from secular stagnation to continuing malaise from the Great Recession. On the cultural side we see explanations rooted in the observation of anti-elitist or anti cosmopolitan attitudes especially in rural America, socio-tropic views on the effect of global forces on communities and/ or recently, a new dimension of racial antipathy. We add to this debate but offer what we argue is a view of attitudes more consistent with a deeper understanding of the history of U.S. trade policy.

Since the early 19th century, debate on trade policy has vacillated between two different frames or explanations for the virtues of open markets. Our data suggests that the most recent period looks a lot like the 1890s in that the source of frustration with trade focusses on what we call an ‘unfairness.’ In this frame, the outside world is viewed as threatening, whether because of terrorists, predatory governments or immigrants with the response being to recoil from international interdependence, assuming only malevolence on the part of our trading partners. Trade with others is asymmetric and inherently unfair to the American people. We argue that a new focus on the winners and losers from trade is evident in both congressional hearings and as indicated below, in trade attitudes.

While an abbreviated version of the larger research project, this memo does three things:

- First, the memo offers a very short history of U.S. trade policy argumentation and introduces the attributes of what we will call the ‘fair trade’ frame.
- Second, we look at public opinion data, both cross sectional and longitudinal, based on a seven wave panel begun in 2007. The data are used to evaluate

three different explanations for current trade attitudes:

1. That attitudes are a reaction to dual economic shocks, first from the rise of Chinese products on the U.S. market and/or second, from the Great Recession;
  2. That attitudes are reflective of diminished hope about how the respondent and/or their community will do in an interdependent world;
  3. That attitudes are not merely a reflection of economic circumstance but instead, reflect a more generalized shift in attitudes about the outside world.
- Third, we offer some preliminary thoughts on the future of the populist anti-trade agenda

Foreshadowing our findings, it appears that the economic shocks of both the Great Recession and a Chinese export surge may be insufficient to explain attitude shift; many groups hurt by these dual shocks have returned to *status quo ante* levels of support for trade. However, where recovery has been slow, the anti-globalization frame has taken root, fueled by already existing cultural fears. We suggest that the Trump “effect” is the mobilization of those frustrated by low levels of economic growth married to a generalized antipathy for others. When directed at trade policy, it has facilitated the unfair trade frame, whereby the fault for economic losses is placed on the policy of trading partners.

The effect of this shift can be substantial. First, public support for this unfair trade frame in an earlier era created a host of laws that the Trump administration can now use to close the market. Policy may shift more because of the ability to use these commonly called ‘administered protectionism’ laws than from the threat of leaving NAFTA and/or the U.S.-Korean FTA. Second, the normalization of a fair trade sentiment in U.S. public opinion will constrain liberal oriented future administrations.

## WHY THE UNFAIR TRADE FRAME?

Anyone who thinks that the U.S. has been a long term defender of open trade has not paid attention to U.S. history. It is not that the ideas found in economic text books on the virtues of comparative advantage were not understood but rather, that they were contested and abandoned regularly by Congress and the U.S. public. A closer reading of congressional legislation and public attitudes suggests not a linear and progressive shift toward globalism but rather, the existence of two episodically supported trade “frames.”

One frame is familiar to academics and is rooted in the ideas of Adam Smith and David Ricardo. Here, open borders promote specialization, market efficiency and welfare gains. But there is a second: while the notion of comparative advantage became accepted lore among economists, the idea remained opaque and somewhat confusing to most other Americans. Instead, policy makers and the public remained suspicious about the intent of other nations and worried that they would act in a predatory manner in the U.S. market. Whether the predator was Great Britain in 1820 or China in 2015, the argument in favor of trade flows was repeatedly mired in a fear that these governments were being overly helpful to their domestic producers.

U.S. trade history can be told as the rise and fall of these frames. In the ante-bellum years, the free trade frame dominated; in the in the Gilded Era, fair trade ideas dominated.<sup>1</sup> Post WWII, most presidents defended the open trade frame but even then, the fair trade frame was used to explain congressional concerns about job losses resulting from an American trade partner cheating. The shifting nature of the debate cannot be explained by national interests alone; as often, the domestic debate has turned on a populist response to internationalization and/or regional issues.

In short, we suggest that the current Trump position on trade has a remarkably familiar sound.<sup>2</sup> This is not the first time Congress and the president have focused on the negative aspects of competition and whether or not U.S. producers would be able to compete in international markets. Today, proponents of open markets argue for the benefits of cheap consumer goods; they are met with the counter that these cheap goods were produced unfairly. On the left, the issue is low labor standards; on the right, that the government has unfairly subsidized the production of the good. For both, there is a shared view that international markets are an arena of predation.

Two American trade policies exist in law and in rhetoric.

They both have legislative history; they both have well developed intellectual support. In different moments of U.S. history, one or the other dominated. Today, we are seeing a resurgence of the fairness frame—we hypothesize that it is fueled by both economic and cultural variables. We do not think that Trump is an anachronism but rather, his presidency has taken advantage of an underlying notion in U.S. society that trade must be fair, as well as “free.”

## DATA

Our analysis is based on survey data that tracks a panel of individuals beginning in the summer of 2007, using a UGOV web based polling sample. There have been 7 waves of the survey. These results are from both the panel and cross sectional responses. We begin with the following puzzle, pictured in figure 1. In 2007 and 2016, we asked the same question to the same people about support for trade and organize responses by the respondent’s political position in the 2016 election. What we find is that unsurprisingly, both Trump and Clinton supporters were similarly split in 2007—trade was not an issue on which either group divided. That changed. By 2016, the issue had become associated with each group and had polarized. What happened?

The scholarly literature and the popular press have focused on different reasons for the creation of anti-trade sentiment among the Trump folks and a similarly pro-trade sentiment among the Clinton voters. We organize the extant explanations into three groups and provide some preliminary tests using our data.

### Duel Economic Shocks

The first two decades of the 21st century will be remembered as an era of great contrasts. Coming out of the dot.com bust, the economy was set to take off, only to be confronted by a devastating terrorist attack in NYC. Growth returned only to be met by a housing bubble that burst in 2008. As the U.S. dealt with its worst recession since the 1930s, the U.S. temporarily put aside fears of terrorism to deal with the more immediate issue of unemployment and stagnant wages. Issues of wage inequality and unequal growth became an underlying theme of political discourse and with the Trump presidency, the source of the problem was said to be economic globalization.

Much of the attribution of problems to China derives from the work of Autor et al. (2013; 2016).<sup>3</sup> Looking at congressional districts, they find that the entrance of China via the WTO in 2001 led to a vast change in

voting patterns. Those districts that had the greatest imports and largest job losses were those that had moved furthest to the right or the left, depending upon the initial voting patterns. The same pattern was found as a cause of Brexit, that is, where the China trade shock variable led to large import penetration you had voters abandoning the Labor party. Both in the U.S. and Britain, the China shock was the cause of a political backlash against globalization.

Given this very abbreviated economic history, we have two possible explanations for the attraction to the Trump position on trade. First, trade attitudes could have permanently been affected by the Great Recession; Trump pulled into his coalition, those who lost jobs and/or those in regions hurt by housing and/or other economic problems. Second, and not unrelated, attitudes could have shifted in areas hurt by import competition from China. Here we would expect variation in attitudes, based on the degree to which job or other losses are associated with job losses tied to Chinese imports.

We provide a preliminary analysis of both possibilities in Figures 3 and 4. With the help of Autor's data, we coded respondents by zip code and job displacement due to Chinese imports. We do a simple division of our respondents into areas of high and low Chinese imports. We then look at their trade preferences over time, before, during and after the Great Recession.

A number of things are evident from even a cursory look at the Figure 3.

- First, the Great Recession had a significant effect on preferences. It looks like opinion is trending back to the 2007 level, but some members of the electorate remain less protrade than before.
- Second, average trade preferences in areas of higher economic penetration by China appear to be on the whole, more negative about open trade than the areas of less 'shock' but the difference is not significant. The high and low penetration zip codes seem to track closely through time.

Looking again at trends, Figure 4, suggests that while shifting back, attitudes on trade for some parts of the electorate remained more anti-trade than others. The difference between those who do and do not return to pre-recession attitudes seems to be associated with not only China trade but individual job prospects. Job prospects, when explained in terms of trade policy, appears to be part of the re-framing of trade policy.

### Declining Economic Prospects

There are many manifestations of economic fears but one of the strongest predictors is perceptions of the future prospects of respondents. Again, we think that negative perceptions of America in the world make it likely that voters blame other nations for their plight. We offer some preliminary evidence. While not new, the lack of economic mobility has increasingly become part of the public debate.

- First, Figure 5 shows trends to our query about perceptions of future prospects for respondent's children. Although we see the same shift shape with the recession as above, the trade attitudes of those who assume that their children will be worse off are significantly more protectionist than either those who think their children will have the same economic opportunities or will be better off. In fact, throughout all the waves of the survey, fear about the future is a good predictor of pro-protection attitudes.
- Second, Figure 6 incorporates a measure of upward mobility by zip code of our respondents and then organizes them by income and job confidence. It appears that the protectionism urge is most pronounced in low income, low job confidence and high inequality areas of the nation. In areas of low inequality, the pro-protection response declines as the recession recedes; in the above average inequality zip codes, we see the effect is most pronounced for those with incomes below \$30k.
- Third, how is this manifest? Figure 7 looks at a response to a question on whether or not the U.S. should limit imports from China, asked at the trough of the Great Recession and then again in 2016 to the same people. The Trump voters had become much more anti-China, a nation that he portrayed as the biggest 'cheater.' The Clinton voters seem to find that frame less appealing and are much less willing to cut off Chinese goods.

### The Cultural Critique of Fair Trade

What if shifting attitudes are not only about economic circumstance? The data allow us to integrate general attitudes about globalization with specific views on trade. What we find in Tables 1-5, shed light on the relationship between culture and economic circumstance.

- First, those who see the world as a good or somewhat good place in which American culture is not threatened, were drawn to the Clinton camp while

those who see the world as threatening appear to be sympathetic to Trump's position. The division is stark and significant. Trump supporters do not see the world as a big beautiful place but rather, one that they need protection from.

- Second, this connection between the view of the outside world and trade predates the Great Recession. There remains a significant relationship between global views and trade attitudes in both our 2007 and 2016 survey. People who fear the outside world fear trade.

### CONCLUDING THOUGHTS

Returning to our original puzzle, that is, the observation that the Clinton and the Trump voters appear to have changed their position, table 6 is the last piece of our puzzle. The table compares trade views of our panel in 2007 with those in 2016. Trade views are quite stable, just as were views of the outside world. Instead of witnessing a change in attitudes in the U.S., it appears that we are seeing a re-sorting of the electorate on trade and anti-globalism issues, with the new dimension being nativism. That meant that about 90% of those in 2007 who expressed that U.S. culture was being threatened and about 60% who feared globalization became Trump supporters; on the other side of the spectrum, only about 44% of the cultural 'liberals' stayed with Clinton with the rest moving to a third candidate. Comparatively, 2007 trade attitudes alone had no predictive value for the 2016 vote. What seems to be the Trump effect is the connection between cultural fears and trade policy. This new coalition shared a view that the commercial policy

of trading partners is evidence of an unfair and threatening outside world.

In conclusion, we offer three general observations about the origins of anti-trade attitudes and populism:

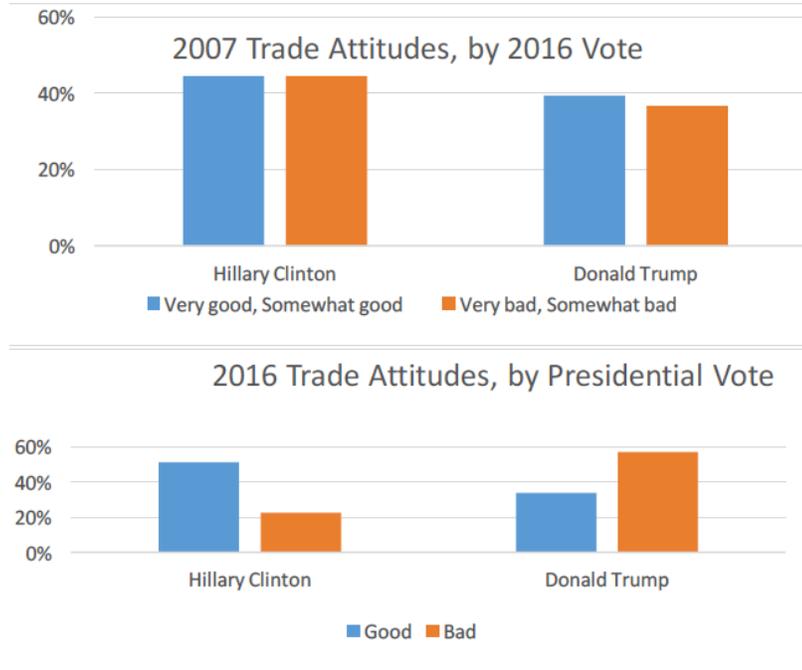
First, cultural antipathy is not new in America. What has changed, however, is the connection between those who have limited economic mobility with those who hold negative attitudes about the outside world. These the underlying dimensions of support for the anti-globalization coalition; it is a Baptist-bootlegger group with proponents in both political parties.

Second, the Trump nativist movement uses the fair trade frame as a way to provide an explanation for economic hard times, expanding the coalition by expressing economic issues in cultural terms. This has been a successful organizing tool and puts the blame for economic hard times outside the United States.

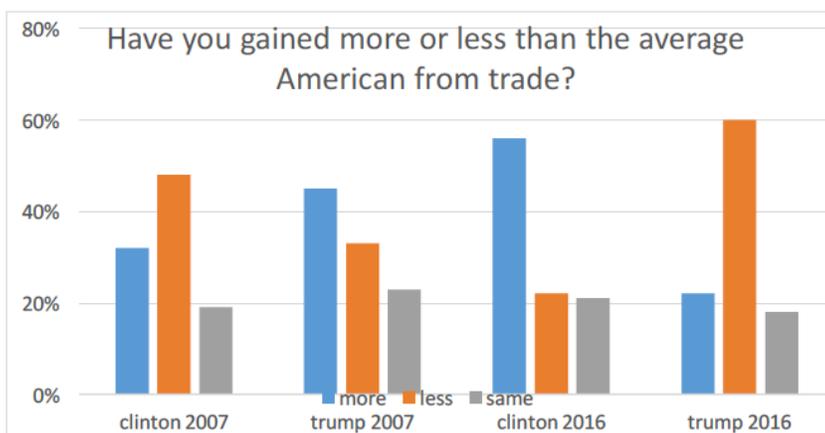
Third, the administration has begun to institutionalize this frame, and public support, in both rhetoric and use of unfair trade laws to close the U.S. market. While Trump has only argued that the U.S. should pull out of Nafta and the U.S.-Korean Trade Agreements, he has set in motion a set of unfair trade actions that are as or more potent and will influence U.S. trade. The introduction of administered protections is only part of what looks to be the nativist legacy. As or more important is that public opinion is increasingly coalescing around his anti-trade pro-nativist rhetoric and that may be the real legacy of this administration.

**FIGURE 1: POLARIZATION OF U.S. TRADE ATTITUDES**

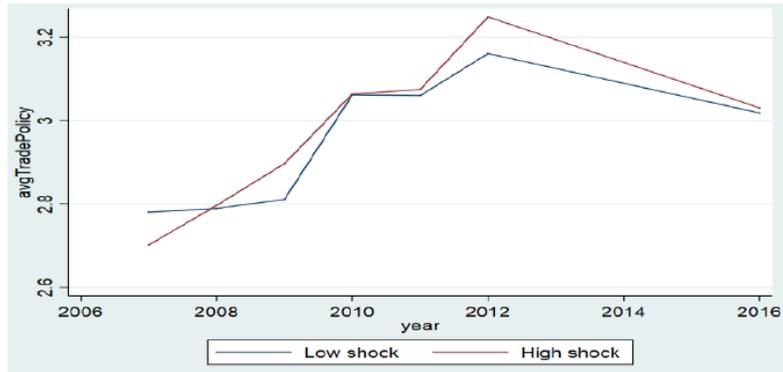
(Do you think that increasing/decreasing trade between the U.S. and other countries makes you and your family better or worse off? (Trade is very good-very bad with DK)



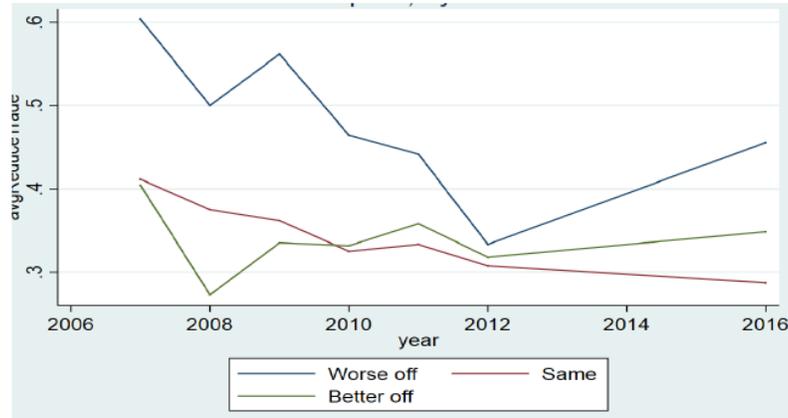
**FIGURE 2: RELATIVE VALUE OF TRADE TO YOU AND YOUR FAMILY**



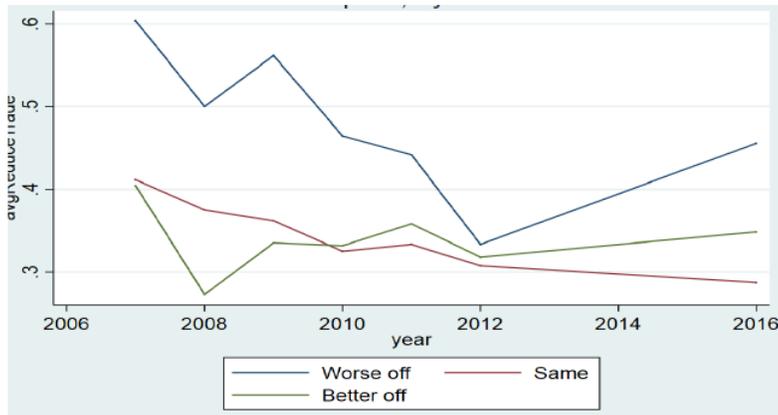
**FIGURE 3: AVERAGE TRADE PREFERENCES BY CHINA SHOCK**



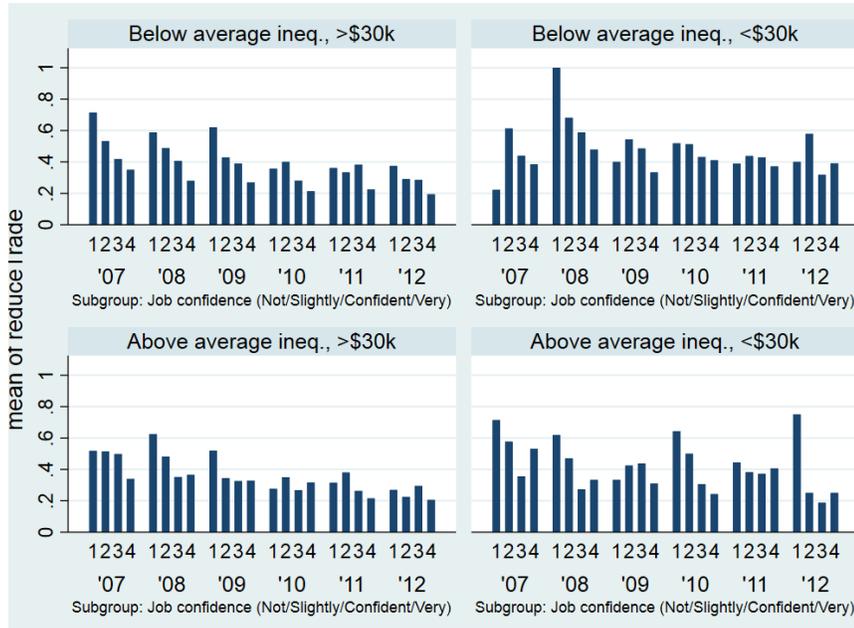
**FIGURE 4: AVERAGE JOB SECURITY BY CHINA SHOCK**



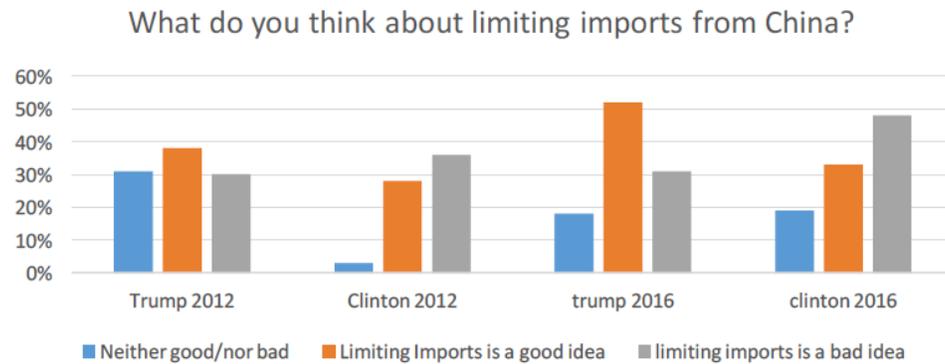
**FIGURE 5: TRADE PREFERENCES BY PERCEPTIONS OF FUTURE ECONOMIC SUCCESS OF YOUR CHILDREN**



**FIGURE 6: UPWARD MOBILITY, JOB SECURITY, INCOME AND TRADE ATTITUDES**



**FIGURE 7: VIEWS ON CHINESE IMPORTS**



**TABLE 1: PRESIDENTIAL VOTE INTENTION AND CONNECTEDNESS 2007 AND 2016 PANEL**

**Presidential Vote Intention Combined**  
How will you vote in the election for U.S. President in Nov...

**Survey A World Connected Combined**  
People disagree on whether the world bec...

	Hillary Clinton	Donald Trump	Other	All
neither nor	17.9	22.4	24.7	20.8
Very bad, Somewhat bad	6.0	44.1	26.0	24.0
Somewhat good, Very good	76.2	33.6	49.3	55.2

**TABLE 2: PRESIDENTIAL VOTE INTENTION AND CULTURAL THREAT**

**Presidential Vote Intention Combined**  
How will you vote in the election for U.S. President in Nov...

**Survey A American culture threats Combin...**  
Do you agree or disagree with the follow...

	Hillary Clinton	Donald Trump	Other	All
Somewhat agree, Strongly agree	28.0	88.1	57.5	56.0
neither nor	28.6	8.4	17.8	19.0
Strongly disagree, Somewhat disagree	43.5	3.5	24.7	25.0

**TABLE 3: 2016 CULTURE THREAT AND PRESIDENTIAL VOTE**

**Presidential Vote Intention Combined**  
How will you vote in the election for U.S. President in Nov...

**2016 Is American culture threatened?**  
Do you agree or disagree with the follow...

	Hillary Clinton	Donald Trump	Other	All
Strongly agree, Somewhat agree	16.3	92.9	54.1	51.7
neither nor	17.1	4.7	20.9	13.1
Strongly disagree, Somewhat disagree	66.5	2.4	25.0	35.2
Unweighted N	508	425	196	1,129



**TABLE 4: 2007 TRADE AND CULTURE RESPONSES**

**2007 Trade and your family**  
Do you think that [increasing/decreasing] trade between the U.S. and other countries ma...

**Survey A World Connected Combined**

People disagree on whether the world bec...

	Very good, Somewhat good	Very bad, Somewhat bad	Don't know	All
neither nor	18.7	23.2	43.5	22.5
Very bad, Somewhat bad	18.4	39.1	18.3	24.0
Somewhat good, Very good	62.9	37.7	38.2	53.5
Unweighted N	1,866	818	306	2,990

**TABLE 5: 2016 TRADE AND CULTURE RESPONSES**

**G - Effect of trade on family - 2 category**  
Do you think that increasing trade and business ties between the U.S. and other countries i...

**American culture threats 2016**

Do you agree or disagree with the follow...

	Good	Bad	Not sure	All
Strongly agree, Somewhat agree	46.8	71.4	51.1	51.7
neither nor	12.6	6.3	21.5	13.0
Somewhat disagree, Strongly disagree	40.6	22.4	27.4	35.3
Unweighted N	748	192	186	1,126

**TABLE 6: STABILITY OF PROTECTIONIST SENTIMENT**

**G - Effect of trade on family - 2 category**  
Do you think that increasing trade and business ties between the U.S. and other countries is a g...

**2007 Trade and your family**

Do you think that [increasing/decreasing]...

	Good	Bad	Not sure	All
Very good, Somewhat good	80.6	43.3	40.6	67.4
Very bad, Somewhat bad	15.4	50.7	26.6	23.4
Don't know	4.0	6.0	32.8	9.1

