



## FOREIGN AFFAIRS

# How Americans Think About Trade

## Winners, Losers, and the Psychology of Globalization

BY DIANA C. MUTZ    July 30, 2021

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The way ordinary Americans think about trade is very different from the way economists and policy wonks think about it. Most people do not have accurate knowledge of how trade affects them personally: they do not support trade if they stand to gain from it or oppose it because it will hurt them economically. Instead, Americans' views are shaped by trade's perceived effects on the United States as a whole, their feelings about the trading partner country and U.S. political party in power, and their general outlook on the world beyond their country's borders.

Put simply, most Americans' opinions about trade are rooted in the psychology of human interaction. Their attitudes toward people and countries they see as dissimilar to themselves significantly influence their opinions. The basic distinction boils down to whether they believe it is possible to cooperate for mutual benefit or whether they view with suspicion those who seem very different from themselves. For this reason, it is not surprising that racial prejudice turns out to be one of the strongest predictors of opposition to trade.

Following the 2016 presidential election, pundits and politicians claimed that Donald Trump's victory represented the beginning of a "backlash" against globalization. This view has also filtered down to the public; my research has shown that Americans believe the country is becoming less supportive of international

trade. In fact, the opposite is true: support for trade has increased among both Democrats and Republicans and is now stronger than ever. The result is a strange situation in which many policymakers continue to publicly disavow and disparage trade even as the public heartily embraces it.

### **“AMERICA FIRST,” NOT ME FIRST**

The fact that self-interest matters little to their trade preferences does not imply that Americans are unconcerned about the economic impact of trade. People care a great deal about how they perceive the country as a whole to be affected by trade. They connect policy decisions made in Washington to what they see as those policies’ national consequences; it is difficult for them to politicize their personal economic experience, particularly with complex issues such as international trade.

Few Americans have an accurate sense of both the positive and negative aspects of trade. The media has likely contributed to this: coverage tends to focus on sympathetic individuals losing their jobs as a result of trade, rather than the complex ways in which Americans benefit from globalization. In 2013, about half of Americans endorsed the view that trade reduced the number of jobs available in the United States and increased the number of jobs available overseas. This suggests a zero-sum way of thinking about trade; in this line of thought, trade takes a finite number of jobs in the world and reallocates them from one country to another.

If Americans do not possess sophisticated knowledge of what they or the U.S. economy stands to gain or lose, how do they form views about trade? Willingness to trade with a country, as with another individual, depends on trust. Trust, in turn, is heavily influenced by perceived similarity. The more similar to the United States a given country is—whether in terms of religion, language, standard of living, form of government, or culture—the more positively Americans will evaluate it as a potential trade partner. The most common explanation people give for why the United States should or should not trade with a particular country is that they think it can (or cannot) be trusted.

Scholars of political economy tend to eschew the idea that basic human psychology enters into attitudes toward international commerce. But for many Americans, whether they support trading with another country parallels their own interpersonal

decisions; they often want assurance that a trading partner country is honest and like-minded in its values.

Unfortunately, this kind of reasoning leads to many of the same problems in international trade that it does in interpersonal relations. People are less likely to want to interact with those people or countries that are different from themselves. They do not trust those who seem “foreign,” in both the literal and the colloquial sense. Due to a lack of trust, people may forego potentially beneficial economic opportunities.

Many Americans see the benefit of trade as diplomatic rather than economic. They emphasize the importance of trade for maintaining alliances. In interpersonal relationships, people sometimes engage in trade—such as buying Girl Scout cookies from the daughters of their colleagues—not so much because they truly want the cookies but to be friendly and supportive. Likewise, large numbers of Americans of both political parties and across the ideological spectrum believe that international trade is beneficial because it strengthens the United States’ relationships with other countries. They recognize that these relationships may come in handy at a later point in time.

## **FORTRESS AMERICA**

In 2005, the British pollster Stephan Shakespeare characterized people as either “drawbridge up” or “drawbridge down” types when it comes to globalization. Drawbridge up types, he wrote, “think the bad things will go away if we lock the doors.” These are people who believe that cooperation is for suckers. They tend not to trust strangers, and they especially do not trust foreigners.

My research has corroborated this view, finding a strong link between opposition to multiculturalism and racial diversity and opposition to international trade. Americans’ attitudes toward fellow citizens belonging to other racial groups are by far the strongest predictor of their support for trade, far more so than how they believe trade will impact their personal economic interests.

Like other forms of similarity, racial similarities between countries foster greater trust. For instance, a 2017 study asked respondents to name the United States’ top

three trading partner countries (China, Canada, and Mexico). White Americans who thought the major U.S. trading partners were also predominantly white expressed more support for trade. Americans who did not name China, perceived to be the most dissimilar of the top three trading partners, were more supportive of trade; those who did not name Canada, the most similar to the United States, were more hostile toward trade.

The same zero-sum thinking that leads drawbridge up types to believe that progress among minorities occurs at whites' expense leads them to adopt a competitive framing of trade. If trade benefited "them," then it must have been bad for "us." Using experimental studies, I have demonstrated that China-bashing anti-trade rhetoric from both Democratic and Republican presidential candidates increases white discrimination against not only Asians in general but also Asian Americans. Negative attitudes toward foreign outgroups make people more hostile toward trade, and trade bashing triggers more hostility toward those same groups.

On the other hand, drawbridge down types, Shakespeare wrote, "think it's a big beautiful world out there . . . if only we could all open our arms and embrace each other." These people come out of central casting for the old Coca-Cola commercial featuring a multicultural chorus of young people singing, "I'd Like to Teach the World to Sing in Perfect Harmony." Of course, this characterization is overly simplistic and definitely corny. But the belief in international cooperation for mutual benefit is a central reason that Americans support trade.

The distinction between these two worldviews boils down to whether Americans view trade as a form of competition or as a form of cooperation. For the drawbridge up types, trade is a competition: they divide the world into us versus them, and their opinions hinge on whether they see their home country as the winner or the loser. The drawbridge down people, meanwhile, think about trade as a form of cooperation and see it as a means of maintaining potentially useful friendships with other countries.

### **SURVIVAL OF THE FITTEST**

The United States tends to encourage a competitive framing of trade. The economist Paul Rubin lamented in a 2013 address that introductory economics textbooks in the

United States mention competition eight times as often as cooperation.

It is no surprise, then, that many Americans view trade as a Darwinian struggle in which only the strong survive. And due to globalization, many no longer see themselves as sure-fire winners of this competition. It is in this sense that Americans today complain about trade's "unfairness," a concern that no longer refers to unfair treatment of overseas labor, or the unequal distributional consequences of trade for American workers. Instead, ordinary Americans use this term to express concerns that the game itself is rigged, and thus their country may "lose" this international competition through no fault of its own.

Politicians contribute to this misperception. A recent Democratic platform stated, "If the playing field is level, Americans will be able to compete against every other country on Earth." The Republican platform similarly advised that on a level playing field, American workers "can surpass the competition in international trade."

Therefore, it should come as no surprise that Americans cry foul if they believe that they are not "winning" this global competition and that China is gaining ground. They have been repeatedly told that they are the best and that they deserve to win.

In the lead-up to the 2016 election, Trump encouraged Americans to believe that other countries had taken advantage of them through trade. Trump supporters thus assumed they deserved the chance to even the score—their views went beyond pure self-interest to the pursuit of retribution.

Throughout my research, I have asked random samples of Americans to explain why they support or oppose international trade. As one respondent put it during these discussions, "The American people deserve more." Others fear that trade risks their country's autonomy as a nation: "The way things are going, we will all work for the Chinese one day," one person said. From this perspective, trade is essentially another weapon in a great-power competition.

Economists, however, mean something entirely different when they refer to the winners and losers of trade. They are describing the differential economic effects of trade on import- and export-oriented lines of work within a single country. In the United States, businesses and industries that export products generally benefit from

trade, but specific industries that cannot compete in the global marketplace may go out of business. In contrast, when the public at large thinks about winners and losers, they are more likely to think of a competition involving the United States and a trading partner country. To many Americans, there is little difference between international trade and the Olympics.

## **MAKE AMERICA TRADE AGAIN**

Perhaps the most useful concept for understanding trade preferences comes from studies of what psychologists call “ingroup-outgroup dynamics.” The changes in support for trade that occurred in the aftermath of Trump’s election illustrate these dynamics well. In the period leading up to the 2016 election, when a Democrat was still president, Republicans were mostly opposed to trade and Democrats were significantly more supportive. Just as GOP voters were concerned about foreigners illegally crossing the border, they perceived a similar threat from international commerce.

But as soon as Trump was elected—and long before any trade policies had changed—Republican support for trade surged by double digits. By 2018, rank-and-file Republicans were once again the party of free trade and remained more supportive than Democrats throughout the rest of Trump’s presidency. Since President Joe Biden took office, however, Democrats are now the party most supportive of trade.

This illustrates how American attitudes toward trade are subject to a “party in power” effect: When one’s party holds the presidency, trade is viewed as far more palatable than when power is held by the rival party—even if trade policies themselves have not changed at all. The reason that Republicans became more enthusiastic about trade after the 2016 election was not because the trade deficit shrunk—in fact, it soared to new heights during Trump’s time in office. Instead, opinions shifted because Trump convinced his followers that the United States was now winning the trade competition.

For Republicans, who tend to be drawbridge up types, trade support is not contingent simply on whether the United States benefits from a trade deal. Instead, my research has suggested that Republicans will support only those trade agreements that they believe give the United States an advantage and simultaneously

disadvantage trading partners. They see trade as a means to dominate foreign countries—a conception that plays neatly into a zero-sum, nationalistic view of the world. Democrats, on the other hand, are more enthusiastic about “win-win” trade agreements in which both countries gain when compared with agreements in which the United States benefits and the trading partner loses out.

## **AN UNDERSTANDING DEFICIT**

The broader lessons that can be gleaned from Americans’ opinions on trade are sobering. In national surveys, both trade advocates and trade opponents have often commented at length that the United States had a “debt” or “deficit” as a result of international trade. Most Americans used these two terms interchangeably: as one respondent put it, “I think it contributes to our national debt.” Many echoed this sentiment: “Too much debt. Sell them our stuff to get out of debt. If we buy American-made products, we keep the money in our own country and perhaps help decrease our country’s debt,” said another respondent.

Since the trade deficit plays an outsized role in public discussion about globalization, this should come as no surprise. Moreover, Americans’ belief that deficits are a bad thing seems perfectly logical. After all, when one runs a deficit at home or in a business, it means one is losing money. Most economists, in contrast, see the trade imbalance as irrelevant to the economic health of the nation and the availability of jobs. The deficit can be driven up by government spending and a booming economy, for instance, which means Americans have more disposable income with which to buy things from overseas. We clearly need an alternative indicator that communicates to Americans whether trade is helping or hurting the U.S. economy.

Most Americans and policymakers inaccurately believe that trade is largely unpopular. Studies of public opinion do not bear out the widely held view that the 2016 election represented the beginning of a backlash against trade in the United States. In fact, as shown by my data, as well as by others,’ trade is more popular now than ever. Support for trade has increased among both Democrats and Republicans in recent years: by 2019, the percentage of Americans who thought trade was good for the U.S. economy had hit an all-time high since consistent public opinion measurement began in 2004.



Nevertheless, the backlash perspective is widely believed by the public. In our 2021 survey, twice as many Americans said that they believe the country has become less supportive of trade in recent years than said it has become more supportive. Although it is true that some Americans may embrace trade only temporarily when their party is in power, it is clear that trade per se is not what its critics object to.

It is difficult to tell Biden and Trump apart on this issue. Although Biden has reversed a large number of his predecessor's policies since taking office, he has retained Trump's protectionist trade policies. The phrases "Made in America" and "Buy American" appeared 29 times in candidate Biden's policy document on trade; once elected, he signed an executive order promoting Buy American to favor domestic producers. The current administration does not even give lip service to the idea of nondiscrimination against foreign products, an underlying principle of free trade.

This framing of international trade is destined to create problems for the Biden administration. It will require the administration to promote the idea that Americans are winning an international competition in order to maintain mass support. However, this rationale does not speak to the primary reason most Americans already favor trade agreements—because they believe such agreements are good for the United States' international relationships and its economy as a whole.

My work has demonstrated that the levels of American support for trade can be improved by emphasizing basic human similarities and mutual trust between nations. Arguments suggesting that trade can line individuals' pockets do not work.

My research also suggests that Americans' views on trade and their attitudes toward other groups within the United States are intertwined. American officials who cater to trade opposition are making U.S. participation in the global economy even more difficult and harming the kind of intergroup attitudes needed to sustain a diverse nation. Fanning the flames of American chauvinism will only increase international tensions—as well as racial tensions at home.



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