

# TRANSATLANTIC TASK FORCE ON TRADE

---

*Working Paper*  
Public Support for Trade Policy

**Bruce Stokes**  
*German Marshall Fund, July 2011*

This working paper was prepared to serve as a basis for discussion  
at a meeting of the Transatlantic Task Force on Trade



**G | M | F** The German Marshall Fund  
of the United States

**STRENGTHENING TRANSATLANTIC COOPERATION**

**F**OR MUCH OF the last two generations the benefits of international trade have been an article of faith for both Americans and Europeans. The shared belief that protectionism deepened the Great Depression and that trade liberalization rebuilt Europe after World War II motivated Americans to lead successive multilateral initiatives that dramatically lowered tariffs, resulting in an explosion in global commerce. And such faith inspired Europeans to create and then to deepen their Common Market, now the world's largest economy.

But the intense competition fueled by growing trade, especially after the entrance of China into the world market, have contributed to wage stagnation, rising income inequality, slow growth and joblessness that have eroded public trust in further globalization. In Europe a strong social safety net has helped allay some of these economic doubts and fears. America's relatively less robust income support and retraining opportunities may have amplified them.

The message from public opinion is not that people have turned their backs on trade. International commerce is accepted as a given and generally seen to be a plus. But people are more skeptical than their parents of trade's benefits, especially the merits of deeper economic integration. Future European and American trade initiatives will more clearly need to address people's fears, especially of China, and more directly deliver benefits, especially jobs.

Conventional wisdom holds that Europeans are relatively at ease with international competition from trade and that Americans are more worried about globalization. As with most generalizations, this widely shared narrative misses important, subtle details. Both Americans and Europeans tend to be free traders in principle and protectionists in practice.

Americans' attitudes toward international trade are complex, at times contradictory and cannot be explained as a simple preference for free trade or protectionism. Two-thirds of Americans think trade is good for the economy. But they don't buy economists' argument that trade is necessarily good for them. In fact, they think it kills jobs and undermines wages. A strong majority favors protecting domestic businesses. And they do not want their government negotiating further free trade agreements.

As Karlyn Bowman and Andrew Rugg of the American Enterprise Institute note: "In terms of general attitudes, [Americans] believe trade in principle is good. They almost always say trade agreements are better for our trading partners than for us. They are generally more positive about the impact of agreements on the U.S. economy than they are about their impact on American workers. People almost always say trade agreements are bad for American workers."

Europeans are even more likely to say growing trade and business between countries is good for their country, although they too have some worries about its impact on them personally. In particular, they share with Americans a concern about trade hurting jobs. And half would erect trade barriers to protect domestic industry.

Both Europeans and Americans see China as an economic threat. Americans have no interest in increasing trade with China and would like their government to be tougher with the Chinese. Shared concern could create the basis for closer transatlantic cooperation in dealing with China, although Europeans and Americans disagree on whether they share values with the Chinese.

There is strong public support for increasing trade across the Atlantic and in governmental

efforts to remove trade and investment barriers between the U.S. and the EU economies. There is particular interest in setting common transatlantic norms that can become global technology and economic standards.

In the end, public opinion data provide, at best, a useful snapshot of the public mood and some indication of policies citizens would support. But trade is not a major public concern in either Europe or the United States. Public attitudes toward trade are less deeply rooted than attitudes toward more prominent economic subjects, such as government spending or jobs. Thus the public may be more susceptible to leadership on trade: a well articulated plan to deepen trade ties across the Atlantic or a cooperative Euro-American effort to deal with the trade challenges posed by China or, more ominously, for greater protectionism. In the end, what people think about trade may not be as important as what their leaders do with trade to improve their citizens' lives. The evidence from public opinion suggests that if trade is seen as again improving people's lives, as it was in the immediate post-World War II era, then people will again support trade liberalization.

### **FREE TRADERS IN PRINCIPLE**

DESPITE THE RECENT economic crisis, Europeans and Americans, have an abiding belief in free markets. Overwhelming majorities of Americans (90%) and Europeans (72%) agreed that people are better off in a free-market economy, according to the 2010 German Marshall Fund Transatlantic Trends survey. The pro-free-market sentiments of the British (81%) and the Germans (78%) almost rival those of the Americans.

And that support for free markets includes international trade. Strong majorities in Germany (90%), Spain (90%), Poland (84%), Great Britain (84%) and France (79%) say growing trade and business ties between their country and other nations are good for their country, according to the 2010 Pew Global Attitudes survey. The weakest such backing is in the United States (66%). But that support has increased from 53% in 2008. (See Chart 1)

CHART 1: IS TRADE GOOD OR BAD?

VIEWS ON TRADE: IS TRADE A GOOD OR BAD THING? GOOD THING: WHITE / BAD THING: GRAY					
	2002	2007	2008	2009	2010
United States	78	59	53	65	66
	18	36	41	30	27
Britain	87	78	77	82	84
	9	15	17	14	11
Germany	91	85	87	85	90
	8	13	12	14	8
France	88	78	82	83	79
	11	21	18	17	20
Spain	-	82	89	89	90
	-	8	8	8	9
Poland	78	77	85	81	84
	15	15	10	12	11

Source: Pew Global Attitudes Project, Key Indicators Database

With trade held in a favorable light by a large portion of the transatlantic public, the intensity of such feelings may be a better indicator of trade sentiment. Here some greater differences emerge: 33% of Germans and Spanish and 32% of the British think trade is very good for their country. Only 17% of Americans have such strong faith in trade.

Support for trade and the intensity of such support is about 20 percentage points higher in Europe than in the United States. But such differences should be interpreted cautiously. On most public policy concerns backing by two-thirds of the public would be considered strong support. So having “only” two-thirds of Americans supportive of trade is still impressive. Moreover, Europeans have been involved in two generations of trade integration. At least some Europeans likely think of intra-EU trade when they respond favorably to a survey question about “growing trade ties between countries”. An American asked about trade between Pennsylvania and New York might respond with similar enthusiasm.

Of greater significance is the growing partisan divide on trade between Americans. Support for trade by people of all political persuasions has increased since 2008. And, contrary to the widely held view that Republicans are free traders and Democrats are protectionists, 75% of self-identified Democrats say trade is good for the United States, up four percentage points in 2010 from 2009, compared with only 61% of Republicans and 63% of independents, whose support remained unchanged.

That American Democrats are more supportive of trade has now surfaced in a half dozen surveys by a variety of U.S. pollsters. It runs counter to the commonly accepted narrative about trade politics in the United States. But this new development is now indisputable.

Why this new partisan division has emerged is unclear. It may be because Democrats believe that a Democratic president will protect their interests in trade negotiations. It may be that Republicans are simply more negative about policies that appear to be associated with the current Democratic administration. Or that they are souring on trade. Or it may be that

president Obama’s mercantilist message that trade means exports and exports means jobs has resonated. A November National Journal survey found that by a ratio of 55 percent to 38 percent, all Americans said they would prefer a policy that expanded exports over one designed to reduce imports.

Who are these people who support trade? A variety of polls in both Europe and the United States have consistently found that those most likely to believe that trade has been beneficial are men, the young, the best educated, those with the highest income, those with the highest social standing and those who live in urban areas. Managers and white collar workers in particular perceive benefits from trade. These are people best equipped to deal with the increased economic competition posed by trade. On the other hand, those least well positioned to cope with the competitive pressures and the personal changes attendant with globalization--retired people, housewives, those who live in rural areas and the unemployed—are the most likely to be skeptical of trade.

## PROTECTIONISTS IN PRACTICE

POLLING ON TRADE is a reminder that human beings are infinitely capable of holding two seemingly contradictory emotions at the same time. In principal Europeans and Americans can be free traders. In practice they are often protectionists.

For the last two decades two-thirds of Americans have told pollsters that trade with other countries is good for the U.S. economy, according to surveys by CBS News and the New York Times. Over the last decade, the same pollsters have asked Americans whether trade restrictions are necessary to protect domestic industries. In 2000, 56% of Americans supported such protectionist actions, in 2008 68% did and in 2009 60%, suggesting that such sentiment varies with economic conditions but is still widely felt.

Protectionist sentiment is only slightly less intense in Europe. Half (50%) of Europeans told the German Marshall Fund in 2007 that trade barriers should be kept because they protect domestic businesses even if this might result in slower economic growth. Most supportive of such views were the French (67%) followed by the Germans (52%). At that time, 53% of Americans agreed.

Moreover, in the 2006 GMF Trade and Poverty survey two-thirds of Americans favored raising tariffs if such action would protect jobs, even if that raises prices for consumers.

In Europe, such protectionist sentiments were mixed. The French, Germans, and Italians were roughly twice as likely as the Americans to favor retaining trade barriers. Two-in-three Germans, French, and British would use higher tariffs to protect jobs. Only half the Poles agreed. And the Italians were evenly divided.

In November, 2010, in the most recent indicator of Americans’ protectionist sentiment, when the National Journal gave Americans three choices for the country’s strategy in international economics, 35% opted for a protectionist approach, limiting imports, immigration, and foreign investment. Just 21% preferred a pure free-trade policy of lowering barriers to foreign goods and investment. (The most popular alternative, with 38% support, was an industrial-policy approach, which many would also see as protectionist, in which government created “programs that are designed to help specific U.S. industries that it determines will be important to America’s global competitiveness.”)

## TRADE PERSONALLY GOOD?

POLLSTERS HAVE ALSO attempted to discern differences in public sentiment between whether Americans and Europeans believe that trade is good for their country and whether it is seen as good for people themselves. The Pew Global Attitudes project has found that people in America and Europe make little distinction between the national and personal benefits of trade, with the slightly smaller majority who say that it is good for their family largely accounted for in the surveys' margin of error.

But when Pew has sharpened the question, asking Americans about the impact of trade agreements on their personal finances, the mood turns negative. In late 2010, nearly half (46%) of the public, a plurality, said they think

free trade agreements have had a negative effect on their personal finances. These views have changed little since 2008.

Eurobarometer 2010 found much sharper differences. Nearly two-thirds (65%) of Europeans think the EU has benefited a lot from international trade, according to Eurobarometer 2010, including 86% of the Swedes, 80% of the Dutch and 76% of the Germans.

But Eurobarometer has also found that only 44% of EU respondents say that they personally benefit from international trade, including only 48% of Germans, 39% of the French and 31% of the Italians.

Clearly, people do not believe that the benefits of international commerce accrue to them as individuals. So it is not surprising that they have doubts about its efficacy as a policy priority for their government.

**A CAUTIONARY NOTE**

Despite what professional pollsters may want politicians and laymen to believe, polling is an art, not a science.

Survey results can depend on the wording of the question, Eurobarometer 2010 asked a loaded question about trade. It first told people that "international trade has an important place in the EU" and then asked if it had been good for the EU. Not surprisingly, many people said yes.

The demographic mix of those surveyed is also important, as is what else is going on at the time of the survey (an election, for example, that might focus public attitudes on a particular issue); economic conditions in a country when the poll is taken; and long-term societal norms.

For example, public opinion on trade, at least in the United States, is, closely tied to Americans' feelings about the economy and jobs. When times were good, as they were in the late 1990s, Americans felt better about trade. When times were bad, not surprisingly, attitudes toward trade soured.

Moreover, people in small economies tend to be quite open to trade. Largely self-contained continental economies, such as the United States, have less need to be open to the world.

History plays a role. The British, who gave the world the concept of free trade, have been generally more supportive of trade than the French, with their Colbertist tradition.

As Karlyn Bowman and Andrew Rugg of the American Enterprise Institute have written: "Sometimes a too literal reading of any individual poll can mislead. Questions are asked sporadically, producing large gaps in our understanding of attitudes about trade and making it difficult to draw reliable conclusions about trends. Most pollsters poll on issues when they are in the news

and then drop the questions when the media searchlight moves on. When pollsters ask about free trade, they rarely ask how important trade is compared to, for example, health care or taxes."

At the same time, one must be careful not to over interpret polling data, reading one's own personal philosophy or interests into what people say. It is important to assume people mean what they say because any other interpretation is a slippery slope into speculation.

A case in point is consumers' attention to the origin of products, an important policy issue at a time of international debates over "Buy America" and other national buying programs. About half of Europeans say they check the origin of a product and about three-in-ten say its origin influences their purchasing decision.

But this data does not tell us whether consumers checked the origin to be sure to buy a domestically-made or European-made textile or whether they checked the label of an electronics device to make sure it was made in Japan not China. Since it is the best educated that are the most likely to make their buying decision based on a product's origin, their motivation may reflect support for free trade, not protectionism. But there is no way to know for certain their intention.

Finally, trade experts must realize that trade is not that important of an issue for most people. Since 2000, Gallup has asked Americans to name the most important issues facing the country. In every survey no more than 1 per cent of those questioned has volunteered trade. That is less than the percentage of Americans who believe in space aliens. Of course, people may be thinking about trade when they cite the economy or jobs as important issues, but the topic rarely comes up unprompted.

And the political salience of the trade issue should not be overstated. In the exit polling done on election day in Ohio in the 2010 U.S. Congressional elections two-thirds of Ohio voters agreed with the statement that NAFTA had taken jobs from Ohio. Of the voters who said the free trade agreement with Canada and Mexico had cost Ohio jobs, 58% still voted for Republican U.S. Senate candidate Rob Portman, the former U.S. trade representative and a strong proponent of trade, and 37% for the Democratic candidate, a strong opponent of trade. And Portman won the election by 20 percentage points. So much for voters' protectionist sentiments!

## TRADE AND JOBS

BOTH EUROPEAN AND American publics subscribe to the mercantilist rationale for trade. Overwhelming majorities, 82% of Europeans and 73% of Americans, believed that freer trade enables their businesses to access new markets, according to the 2007 GMF Trade and Poverty survey.

But for both Europeans and Americans job worries drive their concern about trade. And joblessness is the problem people want trade to help solve.

In 2007, a majority (57%) of Americans and a plurality (46%) of Europeans believed that freer trade cost more jobs than it created, according to the GMF Trade and Poverty survey. France was the only European country among the six GMF surveyed where a majority (59%) believed there was a net negative impact from freer trade on jobs.

However, three-in-ten Europeans who do not think trade is beneficial say it is because it has created unemployment, according to the 2010 Eurobarometer survey. The Greeks (51%) were the most likely to blame trade for joblessness and the Swedes (11%) were the least likely. (See Chart 2)

**CHART 2: NEGATIVE EFFECTS OF FREE TRADE?**

Why do you think you are not benefiting from international trade?	The prices for certain goods are higher	It has created more unemployment
EU 27	32%	30%
Germany	30%	29%
Spain	22%	30%
France	29%	38%
Italy	31%	33%
Netherlands	29%	17%
Poland	37%	18%
Sweden	18%	11%
United Kingdom	33%	28%

Source: Special Eurobarometer 357 International Trade, European Commission, November 2010

Looking ahead, 61% of all Europeans said the main priority for EU trade policy in the years to come should be to create jobs in the EU, according to Eurobarometer 2010. And only 20% of Europeans believed that trade with countries outside the EU will create European jobs. International trade and job creation are thus clearly related in Europeans' minds. In fact, it is their main expectation.

But creation of jobs appears to be much more a priority in southern and eastern EU member states than in northern and western ones. More than seven out of ten respondents saw job creation as a major trade priority, including in Spain (77%), Greece (77%) and Portugal (71%). But fewer than half of those questioned cited trade as a priority for creating jobs in the Netherlands (47%) and Sweden (49%).

In the United States, there is open skepticism about the impact of trade on jobs. More than



half of Americans (55%) said that free trade agreements lead to job losses in the United States and 45% of Americans said free trade agreements make wages lower, according to a late 2010 Pew Research Center survey. And a partisan divide exists: roughly six-in-ten independents (63%) and Republicans (58%) said that free trade agreements lead to job losses in the United States; fewer Democrats (47%) agreed. (See Chart 3)

**CHART 3: THE IMPACT OF FREE TRADE AGREEMENTS**

Impact of free trade agreements on...	Total %	Rep %	Dem %	Ind %
Create jobs	8	5	12	6
Lead to job losses	55	58	47	63
No difference	24	24	27	22
Make wages higher	8	5	11	8
Make wages lower	45	45	42	49
No difference	34	37	33	35
Lead to growth	19	17	22	18
Slow Economy	43	48	34	49
No difference	24	22	26	26
Make prices higher	31	31	28	33
Make prices lower	31	30	31	32
No difference	25	26	23	26

Source: PEW Research Center, Nov. 4-7, 2010 Q63 a-e

A particular concern in both Europe and the United States is that freer trade encourages businesses to move jobs to foreign countries and to supply domestic consumers from abroad. In 2004 this outsourcing worry reached such a fever pitch in the United States that it was the cover story in several major news magazines. By 2007 61% of Americans and 59% of Europeans saw outsourcing as a leading cause of job losses, according to the GMF Trade and Poverty survey.

In a more recent poll in late 2010 by the National Journal, 67% of Americans believed that “decisions by American companies to relocate jobs to other countries” had played a major role in the high unemployment of the past few years, while another 28% said these decisions had played a minor role.

However, this concern may reflect paranoia more than personal impact. Since 2003 Gallup has asked people with jobs whether they are worried that their company will “move jobs to countries overseas.” The portion of that public who were personally worried about such a prospect for themselves peaked at a modest 12% in 2005. By 2010, only 9% of the public had such a concern. For comparison purposes, 39% were worried that their benefits would be reduced and a quarter worried that they would be laid off.

## TRADE A CONSUMER BENEFIT?

ECONOMISTS HAVE LONG argued that freer trade is beneficial because it lowers prices and increases choices for consumers. And the case for unilateral trade liberalization is based on the argument that the benefits of such action for domestic consumers outweigh the benefits for a country's exporters to be gained through reciprocal trade liberalization.

Europeans generally buy this consumerist case for trade, with some reservations. Americans are generally skeptical.

In 2007, according to the GMF Trade and Poverty survey, 73% of both Europeans and Americans believed that freer trade leads to lower prices and more product choices for consumers, the textbook argument for trade.

Moreover, the 2010 Eurobarometer found that nearly half of those Europeans surveyed thought that the benefits from trade are wider consumer choice (49%) and cheaper products (47%). And these were, by far, what they thought were the most important effects of international trade. Only 32% of Europeans said they do not benefit from trade because it causes higher prices. Nevertheless, only 39% of Europeans said that the EU trade priority should be to offer consumers the widest choice of products and services at the lowest prices.

Americans disagree that the consumer benefits of trade are outweighed by the jobs impact. In a 2008 Fortune/Abt/ SRBI poll, when asked if trade was good for the United States because of lower consumer prices or bad for the country because of job losses and lower wages, 63% said trade was bad because of its impact on jobs and wages. Only 30% said it was good because it lowered prices.

Even more striking, in 2010 Pew found that less than a third (31%) of Americans believed that free trade agreements lower prices for consumers and an equal number think trade deals actually lead to higher prices.

## VIEWS ON TRADE AGREEMENTS

THE PUBLIC'S VIEWS about trade and its impact on their lives create the political environment in which trade policy decisions are made. Clearly that atmosphere, especially in the United States, is not wholly positive. But a more immediate and relevant consideration for policy makers is the public's attitude toward trade agreements: conscious actions by people's elected representatives to further trade, to remove more trade barriers and to deepen economic integration. In the United States such trade policy is clearly unpopular.

For over a decade the Pew Research Center has asked Americans if they think trade agreements like NAFTA and the WTO are a good thing or a bad thing for the United States. Support for trade accords has steadily eroded, while skepticism has grown. And support for free trade agreements is now at one of its lowest points. In 2006, 44% of Americans thought trade deals were good for the United States and 35% said they were bad. By 2010, those numbers were reversed and 44% said trade deals were bad for the country.

But the wording of such questions can be key. In early 2011, Pew asked a more generic question about free trade agreements that omitted reference to NAFTA and the WTO. Without reference to specific deals, 48% of Americans said free trade accords were a good thing and 41% said they were a bad thing. This finding reinforces the argument that Americans are theoretically committed to free trade, but practically skeptical.

The U.S. partisan divide on trade is again in evidence with regard to trade agreements. Republicans and Republican-leaning independents who agree with the conservative Tea Party have a particularly negative view of the impact of free trade agreements. In 2010, only about a quarter of Republicans who agreed with the Tea Party (24%) said that free trade agreements like NAFTA and the policies of the WTO have been a good thing for the United States, while 63% said they have been a bad thing.

There is no readily accessible comparable European data assessing public attitudes toward Brussels' recent efforts to craft free trade agreements with South Korea, India and others.

## **VIEWS ON FOREIGN INVESTMENT**

It has long been assumed that Europeans tend to have a slightly more positive view of foreign investment than do Americans. But attitudes appear to be worsening in Europe and improving in the United States.

In 2002 61% of the British, 57% of the Germans and 50% of the French told Pew that they thought foreign companies had a good impact on their country. In the United States only 45% of the public had a positive attitude toward foreign firms. But by 2007 support for foreign corporations had fallen to 49% in Britain, 47% in Germany and 44% in France. Meanwhile, 50% of Americans expressed a positive view.

In response to a different question, a 1999 USIA survey in Europe found that 51% the British, 53% of the French, 59% of the Germans and Italians said foreign direct investment was both necessary and positive. A poll that same year conducted by the Program on International Policy Attitudes associated with the University of Maryland found that only 43% of Americans thought foreign investment was positive and necessary. And 53% said it was dangerous.

But as with so many issues, the wording of the public opinion question is key. In 2006, 53% of Americans surveyed by Pew thought foreign companies investing in the United States was a good thing. But, a narrow majority (53%) of the same Americans had a negative view of foreign investors actually owning U.S. companies. But Americans attitudes seem to be improving. In 1989, in the wake of high-profile acquisitions of U.S. firms by Japanese companies, 70% of Americans thought such acquisitions were bad.

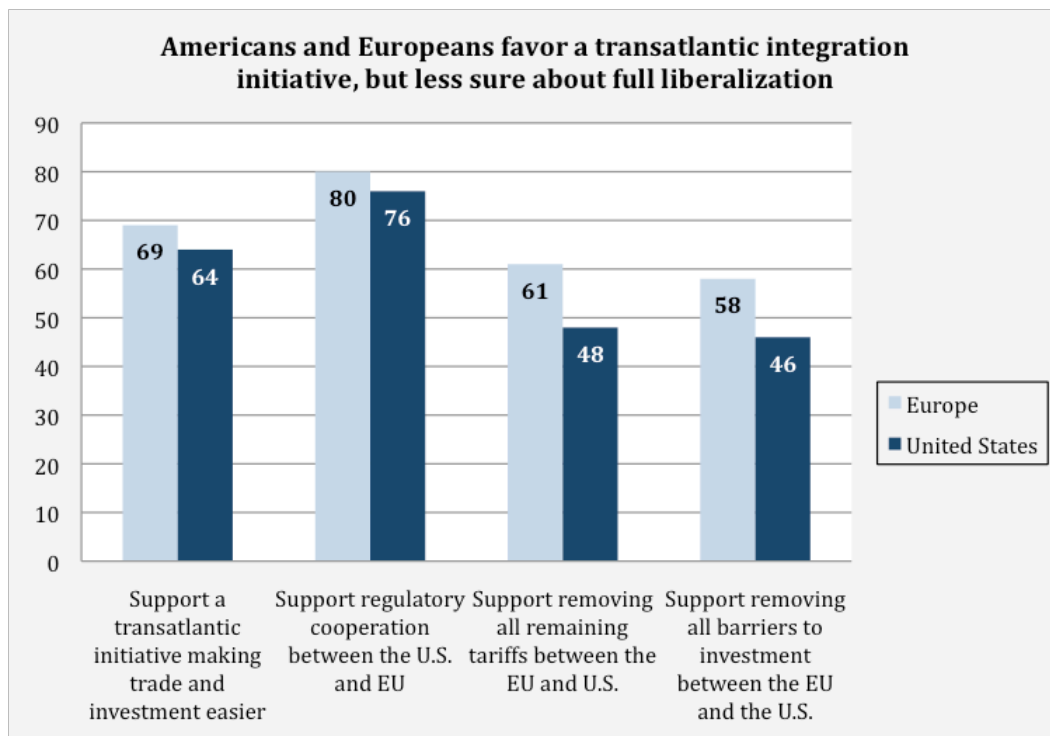
## **TRADE WITH EUROPE**

However, there is solid public support on both sides of the Atlantic for deeper commercial ties between Europe and the United States. By two to one, 58% to 28%, Americans think increased trade with Europe would be good for the United States, according to a late 2010 Pew survey.

This confirms the results of the more in-depth 2007 German Marshall Fund Trade and Poverty survey that found that 63% of Americans and Europeans supported improving trade and investment relations between the European Union and the United States. When asked about support for a specific "new effort to deepen the economic ties between the EU and the United States by making transatlantic trade and investment easier," about two-thirds of Americans and Europeans supported the idea (64% and 69% respectively). Italian (78%) and British (74%) respondents were the most enthusiastic about this initiative, while smaller majorities in all other countries also supported it (68% of Polish, 66% of German, 64% of

French respondents, respectively). Only about one in four Europeans opposed this initiative. (see Chart 4)

**CHART 4: VARYING SUPPORT FOR FURTHER LIBERALIZATION**



Source: Trade and Poverty Survey 2007, Key Findings Report, German Marshall Fund.

When asked about more limited transatlantic regulatory cooperation, 76% of Americans and 80% of Europeans favored making their national regulations on products and services as similar as possible. European support was broadly favorable: 86% of Italian, 84% of British, 81% of Polish and French, and 71% of German respondents agreed with regulatory cooperation.

When asked if they supported removing all remaining tariffs on goods traded between the United States and the European Union, Americans and Europeans differed: a plurality (48%) of Americans agreed, while a majority (61%) of Europeans favored such an initiative. The weaker American support for more specific trade liberalization may reflect greater American wariness of trade agreements as traditionally understood.

The reasons Americans and Europeans said they supported a deeper and broader transatlantic marketplace may provide some guidance on what to tackle first. Of those Americans and Europeans who said they supported a transatlantic trade initiative, a plurality, roughly one-third did so because it would help the United States and the European Union set global standards for the world economy. Joint standard-setting was most important to the Germans, the French, the British, and the Italians.

## TRADE WITH CHINA

CHINA IS THE elephant in the room when many Americans and Europeans consider trade issues. And transatlantic public opinion about China will shape both U.S. and EU trade policy toward China in the years ahead.

Half of Americans (51%) and Europeans (49%) have a negative view of China, according to the GMF 2010 Transatlantic Trends survey. Roughly a third of Americans (36%) and Europeans (31%) think China plays a negative role in managing the world economy. Nearly two-thirds (63%) of Americans think China engages in unfair trade practices, according to the 2010 Chicago Council on Global Affairs survey. And GMF found that half of Americans (49%) and Europeans (49%) think China represents more of an economic threat than an opportunity.

Notably, however, the U.S. threat perception is down five percentage points from GMF's 2007 survey, while the European perception is largely unchanged. Moreover, there is a striking transatlantic divide about China between publics and their leaders on both sides of the Atlantic. While the people see China as a threat, solid majorities of EU leaders (63%) and U.S. leaders (66%) see China as more of an economic opportunity, according to the GMF 2010 Transatlantic Leaders survey.

As to what to do about China's perceived threat, Americans are clear, get tougher. More than half of Americans (53%) say it's *very* important to get tougher with China on trade and economic issues, according to an early 2011 Pew survey. And, contrary to Americans' views on trade in general, there is no real partisan divide on this issue. But among Republicans, those who agree with the Tea Party are more likely than those who do not to place high priority on the U.S. standing up to China on economic and trade issues; 60% of Tea Party Republicans say this is *very* important.

There are interesting demographic divides about China in the United States, suggesting anti-Chinese sentiment may wane over time. By 56% to 37%, those under age 30 say that more trade with China is good for America, according to a late 2010 Pew poll. Those 30 to 49 and 50 to 64 are divided, but those 65 and older see increased trade with China as bad for the country rather than good (52% to 37%). Roughly half of college graduates (50%) and those with some college experience (51%) say increased trade with China would be good for the United States. But only 39% of those with no more than a high school education think such trade is good.

Nevertheless, prospects for Europe and America working together to deal with the trade challenge posed by China are mixed at best because Europeans and Americans do not share a common perception on Chinese values and interests.

Just over half of Americans (53%) believe that the United States has common values with China. In stark contrast, almost two-thirds of Europeans (63%) say that China and Europe have different values, according to the GMF 2010 Transatlantic Trends survey. And a minority of leaders in the United States (43%) and the EU (44%) believe they share values with China. At the same time, a majority of U.S. leaders (59%), the U.S. public (59%), and EU leaders (53%) feel China, America and Europe share common interests. The EU public was again the most skeptical, with only 39% saying they have common interests with the Chinese.

This lack of a common perspective on China may be one reason Brussels and Washington have found it so difficult to cooperate on many trade issues with Beijing.

## THE PUBLIC'S AGENDA

PUBLICS IN BOTH Europe and the United States are more likely to have sentiments about trade and its impact on their lives than to have strong opinions about particular trade policies. Government trade initiatives, both offensive and defensive, are fairly arcane, highly

technical and not widely debated in the press or among the public. So public views about proposed free trade agreements with individual countries or possible protectionist actions against another country need to be interpreted with caution because it is highly likely that the respondents have given little or no thought to the issue before they were asked.

The American public is clearly of two minds in thinking about trade initiatives. In late 2010 Pew found that most Americans thought that increased trade with Canada, Japan and European Union countries – as well as with India, Brazil and Mexico – would be good for the United States.

But they don't necessarily want their government to actively pursue improving that trade. In 2010 the Chicago Council on Global Affairs found that only a third (33%) of Americans think promoting international trade should be a *very* important goal of U.S. foreign policy. In addition, at a time when the Doha Round is floundering, there is no support for bolstering the multilateral system. While Americans are willing to comply with WTO rulings (72% of Americans say Washington should go along with WTO decisions), a plurality of Americans (48%) say the WTO does not need to be strengthened.

Two decades after coming into force NAFTA (the North American Free Trade Agreement) is a dirty word in the United States, often used generically when people speak ill of trade. In 2008, the Chicago Council found that a majority (64%) of Americans thought it was bad for U.S. workers; a majority (55%) thought it was bad for the U.S. economy and a plurality (43%) thought it was bad for consumers.

This may help explain why there is so little American enthusiasm for more free trade agreements. A majority of Americans oppose the pending U.S. free trade agreements with Columbia (58% oppose) and South Korea (51% oppose), according to the Chicago Council. And a plurality (48%) opposes a deal with India, which is supported by the U.S. business community, although Washington has no plans to pursue one. Interestingly, a majority (52%) of Americans support a free trade agreement with Japan, despite the long history of U.S. trade disputes with Tokyo.

Economists have long argued that multilateral trade agreements produce the greatest economic gains for the largest number of people. And trade liberalization through the General Agreement on Trade and Tariffs and now the World Trade Organization has been the principal European and American trade agenda for two generations. But there is no evidence that the public either supports or opposes such efforts.

Publics tend to support protectionist trade measures. Nearly three quarters (73%) of Americans and 62% of Europeans believe that limiting outsourcing will be helpful to workers who lose their jobs due to trade, according to the 2007 GMF Trade and Poverty survey. Nearly 40% of Americans and 27% of Europeans considered limiting outsourcing as a "very helpful" option to assist workers who have lost their jobs as a result of international trade.

People on both sides of the Atlantic also want to consume more domestically-made products. Three-in-five Americans (61%) say they are more likely to purchase something that is "Made in America", according to a 2011 Harris poll. And in a November, 2010 National Journal survey, 68 percent of Americans said they supported policies that would require a minimum percentage of all manufactured products sold in the United States to be produced or assembled there.

But "Buy National" is not as popular in Europe. Only 41% of Europeans said they were pre-

pared to pay more for products or services from their country. But the citizens of some of the most “free trade” nations are also the strongest supporters of “Buy National”, including 71% of the Finns, 63% of the Swedes and 56% of the Danes. And the strongest support for “Buy National” comes from the best educated and those with the highest social standing, which runs counter to the common perception of who holds protectionist sentiments.

And despite trade purists’ contention that including “extraneous” issues in trade agreements only leads to protectionism, majorities of Americans (69%) and Europeans (73%) favor including labor and environmental standards in trade agreements. Publics on both sides of the Atlantic believe that without such requirements companies in developing countries will gain an unfair trade advantage. Western Europeans expressed strong support for higher standards, with 72% or more favoring them in trade agreements, while Central Europeans were least supportive.

## CONCLUSION

PEOPLE ON BOTH sides of the Atlantic believe in free trade in theory and want specific protections from international competition. They expect trade to create jobs and are less concerned that it produces lower prices. Americans, in particular, are skeptical of new trade agreements. But both Americans and Europeans are supportive of efforts to deepen U.S.-EU trade ties. And people are fearful of China.

The implications for U.S.-EU trade cooperation are clear. European and American publics are open to Brussels and Washington working to deepen and broaden the transatlantic marketplace, with particular support for setting higher standards for the transatlantic market to create a global benchmark on a range of issues, from technological to health and safety standards. Joint defensive efforts with regard to China will also have support. EU-U.S. regional or plurilateral trade accords may not, however, have American support. And any cooperative efforts will have to pass a jobs test, those that create employment will have public backing.

Trade policy makers need not be the servant of public opinion. But they should be wary of trying to be its master. Public opinion has created a roadmap for U.S.-EU efforts on trade. It is up to European and American leaders to devise trade policies compatible with those sentiments. They will fail to do so at their peril.