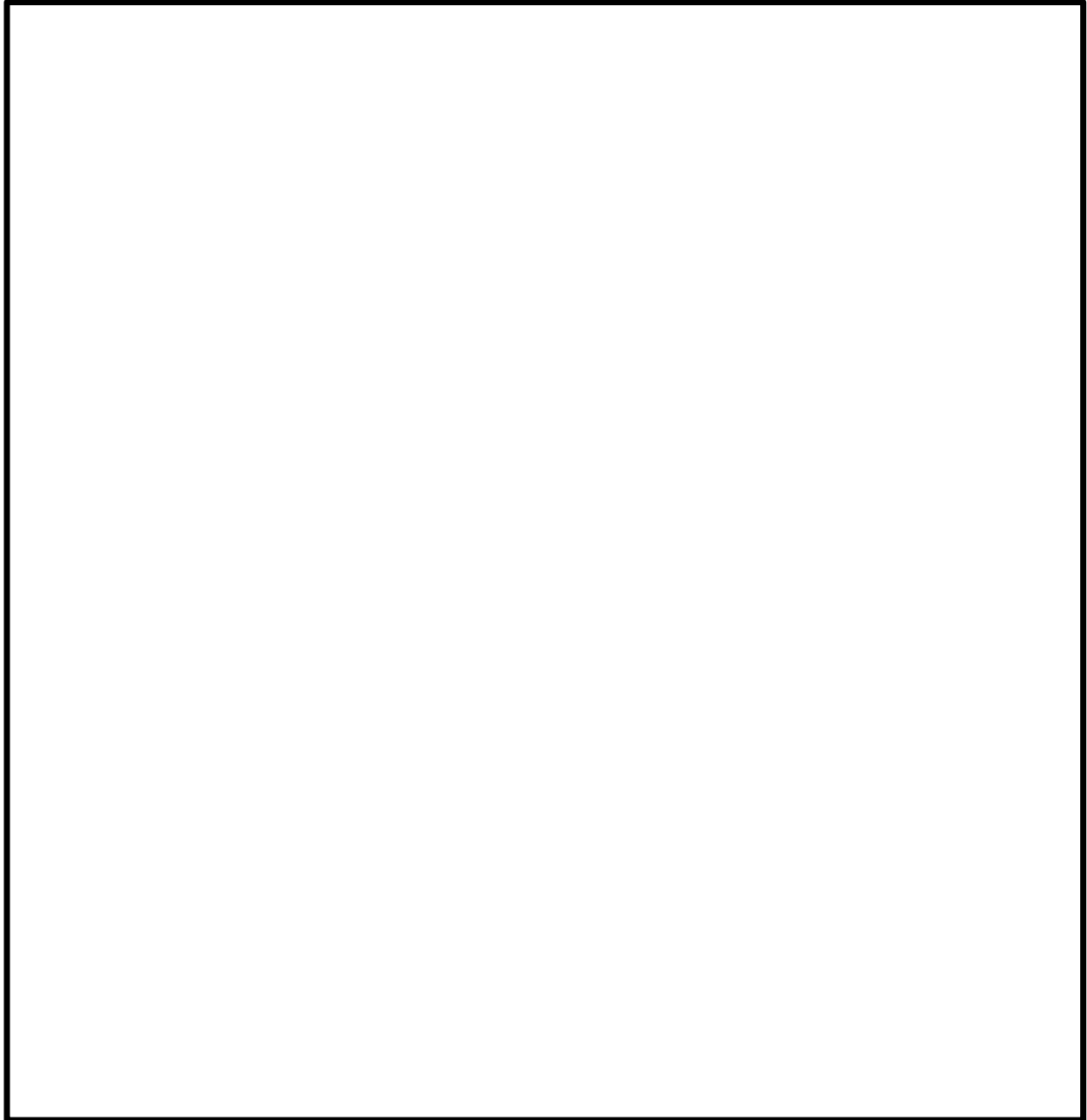




CENTER FOR NATIONAL POLICY

**TRADE POLICY: FORGING A NEW CONSENSUS  
A SERIES OF DISCUSSION PAPERS**





## ***About the Paper***

*This is one of a series of papers addressing U.S. trade policy from a political perspective.*

*It became evident during the 1990s that what once was a broad national consensus supporting U.S. efforts to liberalize world trade had eroded. In its place, an increasingly contentious and, to an extent, increasingly partisan debate emerged.*

*These papers look at this significant change, explore some of the factors associated with it, and consider policy implications for the future. The views expressed are solely those of the authors.*

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## ***About the Author***

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*Ms. Steinbruner's research interests include the study of change in the U.S. economy and its effect on American attitudes about politics and governance, and the impact of perceptions of national identity on attitudes about government policy, especially with respect to foreign affairs. She is consulted frequently regarding the impact of current trends in American politics on the public policy debate by members of the foreign diplomatic corps as well as the media.*

*Ms. Steinbruner joined the Center for National Policy at its inception in 1981 as a Research Director, and was appointed Executive Vice President in 1986. She served at the U.S. Department of Health, Education, and Welfare prior to joining CNP, and before that in various posts in state government in Massachusetts and Connecticut.*

*The author is grateful to Elizabeth Gottschalk, Alex Sunshine and Terry Bankhead for their assistance in the preparation of this paper.*





# *Reframing the Trade Debate*

## *Public Concerns and the Need to Address Them*

By Maureen S. Steinbruner  
with Elizabeth Gottschalk<sup>1</sup>

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Reducing government-imposed barriers to the free international flow of goods, services, money and information has been the goal of U.S. trade policy throughout the post-WW II period. By now, much has been achieved in service of this goal. Public support for liberalization has weakened, so that today it might best be described as somewhere between indifference and outright ambivalence.

The creation of the World Trade Organization has ushered in a new era in the politics of economic policy, with internationally organized groups playing a larger role in defining issues. Domestic public opinion nonetheless continues to play an important role in determining the choices of policy-makers, as it should in a democratic society.

Evidence from opinion data suggests continuing generic public support in the United States for trade liberalization, but shrinking margins in congressional trade votes indicate that this support can no longer be taken for granted.

This paper reviews public opinion data on the subject, with a view to understanding how the public sees and feels about the issue today, and

— more importantly — why. An interpretation for currently prevailing public attitudes is offered, and the potential implications of public views for the U.S. international trade policy agenda are discussed.

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*Public support for liberalization has weakened, so that today it might best be described as somewhere between indifference and outright ambivalence.*

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The conclusion suggests that policy-makers should focus on an approach to trade negotiations and trade policy implementation that consciously addresses trade-offs in a balanced and pragmatic way. Some steps have already been taken in this direction, but more are likely to be needed in the future.

### **BACKGROUND**

In an effort to understand the basis of public attitudes about international trade policy, a

set of focus groups conducted in the second half of 2000 looked in detail at the views of middle-class, middle-of-the-road members of the American electorate.<sup>2</sup>

Considering the results of these focus groups in relation to more recent survey findings sheds light on the difficulty encountered in renewing presidential trade negotiating authority. In all, the data suggest that the American public has a mixed, even a conflicted view of trade, seeing it as producing a combination of desired benefits but also unwanted costs. Importantly, this view values economic openness because it increases opportunities for choice as much as for its contribution to efficiency and lower prices. The prevailing public view sees the primary costs of more open trade as job loss and wage pressure. This is associated with a significant concern about persistent income inequality in the U.S.

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Not unreasonably, the public prefers policies that not only maximize the positive results but also take account of and minimize the negative impacts.

There appears to be a continuing public commitment to openness in international commerce and investment, although awareness of the job-reducing impact of imports is much greater than understanding of the job-generating role exports play in the economy.

At the same time, it is hard to see a public groundswell favoring new agreements, unless it

is clear that the benefits will be significant and broadly shared, and that costs can be adequately dealt with. The idea that the future can hold "globalization without tears" is unlikely to sell.

#### **ACCEPTING THE THEORY BUT CONCERNED ABOUT RESULTS**

The classic "comparative advantage" argument for reducing government-imposed barriers to trade among different nations is a simple one: If I can efficiently make steel (because my country has iron ore deposits) and you can most efficiently make glass (because your country has silicon deposits), then we should each specialize in our one best product. Trade between us in principle should result in the possibility that we both can manufacture automobiles at a lower cost than otherwise.<sup>3</sup> While most average people are not experts in economic theory, they do have a basic, clear understanding of this argument about the economic benefits of specialization.

As one focus group participant put it, a global economy "widens the market for a lot of things. I think it does make better prices." Or, as another said, "It helps us to expand our investments and our potential. It utilizes the resources of other countries. We can actually in effect raise our economy." Not all Americans would say these things, but it seems clear that many share these basic sentiments if asked in the right way.

Thus, broad questions about "free trade" in U.S. public opinion surveys typically turn up evidence of positive public attitudes. For example, in a poll from January 2001, support for "reducing barriers to trade attracted 53% agreement, while an April 2001 poll produced an even higher 64% supporting "political action to reduce barriers to trade."<sup>4</sup> This basic support, however, co-exists with a nuanced and fairly critical view that sees costs to the process as well as benefits.

Economic theory admits the proposition that there can be "transition" costs in getting to an economically optimal degree of specialization. If, historically, I have been a glass manufacturer, but – let's say – I have no near term alternative export product and a neighboring country has become a lower cost producer, I will pay a price in unemployment and asset devaluation as I find another business to be in. In fact, there just may be no near term alternative available.

From a typical focus group participant's perspective, this is a case of "jobs lost, pay reduced, standard of living going down" as a result of the growth of global competition. Moreover, when it comes to labor market competition, where labor cost differentials may have more to do with general standard of living differentials rather than "absolute" productivity differences, many people generally reject the notion that the benefits of trade will be worth the costs. "Businesses are going out of business here plus the people down there are getting a dollar a day for doing the work....It is unbelievable," as one focus group participant put it.

The possibility that a dollar a day is good pay in some countries does not impress someone who sees a neighbor lose a \$200 a day job in the U.S. economy to transfer that day's work. "We are losing those jobs here which means that people who could have been employed in those jobs for a reasonable amount of money could have been doing those jobs and not be standing in our welfare lines, or not be standing in our unemployment offices asking for help. Those jobs have gone to those countries for cheaper work."

The public officials who debate and make decisions about trade policy have long been aware of these kinds of assessments, and many agree with them. Over several decades, however, it seemed desirable to focus on broadly distributed consumer and productivity benefits, and to discount or ignore targeted employment

losses, because the U.S. economy was consistently averaging good growth rates. With trade a mere 10 percent of the U.S. economy, this made sense both politically and substantively. Now, however, with the total of imports and exports at almost a quarter of GDP and growing, the equation has begun to change.<sup>5</sup>

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*... with the total of imports and exports at almost a quarter of U.S. GDP and growing, the equation has begun to change.*

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Additional issues also have come into play recently, such as the possibility that shifting production will go to countries with poor environmental regulation or bad human rights records. But the core economic concern with labor market impacts remains central. "I think we should keep our jobs in the United States. Number one if you don't have a job what are you going to do?" Or, as another person put it, "if I have a good job, I don't need the cheap stuff."

Strong endorsement of the general idea of fostering reduced trade barriers, therefore, does not mean unqualified support for any and all forms of liberalization. Americans now regularly express views about trade policy that make clear there are concerns, and that these concerns matter. In a 2000 poll by Harris Interactive<sup>6</sup>, respondents were asked to identify the priority various aspects of U.S. trade agreements should have. Large majorities of the U.S. public gave "major priority" to protecting the environment (80%); preventing the loss of U.S. jobs (77%); and, preventing unfair competition by countries that violate workers' rights (74%). Weaker support was given to encouraging competition in U.S. markets (64%); keeping prices for U.S. consumers low (58%); and, keeping foreign markets open to U.S. exports (56%).

Several different ideas appear to be

interacting in the formation of the American public's views about international trade. Most general is a basic commitment to U.S. involvement with the rest of the world, an attitude that has grown stronger over recent decades.

Most problematic is a persistent concern with economic stress and with income inequality, within the U.S. in particular. A third factor is a strong belief in the value of competition, faith in America's competitive strength, and a parallel appreciation for the importance of choice as a key aspect of what makes the United States special. Finally, in assessing the impact of trade, the public focuses heavily on imports, with little recognition of the role that exports play in the economy.

#### **SUPPORT FOR THE IDEA OF OPENNESS TO THE WORLD**

By the evidence of opinion surveys on various topics over the past decade and a half or so, American attitudes about relationships with the rest of the world until September 11 constituted a complex mix of acceptance, anxiety, interest, and concern. In the waning days of the Cold War, depending significantly on what was going on at home (especially with the economy), views tended to vary from aggravation to indifference to mildly positive in terms of the impact of things foreign on American well-being.<sup>7</sup>

By the end of 2000, indications are that broad segments of the American public were coming to see a world in which the United States, as a clear and dominant leader, was benefiting from the global situation. As is discussed below, there was a deep feeling of pride in U.S. accomplishments relative to those of other nations. This feeling existed along with and was reinforced by the perception that the world's people looked up to the United States, respected our military strength, envied our economic productivity, desired our products and services,

and admired our values.

Alongside this view there were signs of a growing willingness to have this country shoulder obligations, as a leader, but not alone. Envisioning a strong U.S. role in international organizations was becoming a more comfortable notion for the public, even though skepticism or hostility to specific policies remained strong, especially for certain groups. Feelings of fear about things foreign – including economic competition from abroad and immigration at home, had appeared in the 1980s and lasted into the early to mid-1990s, in particular among lower income Americans. But, by the end of the decade, these feelings were receding.<sup>8</sup>

Americans were taking account of changes overseas, such as the dissolution of the Soviet Union and a concomitant reduction in the sense of direct military threats to this nation. They also were experiencing the benefits of a robust economy, from low unemployment to low interest rates to appealing new technologies and products, to high stock values in their pension funds. While we now know not all of these aspects of the U.S. economy were in as positive a condition as the public was led to believe at the time, there was in reality a lot to be happy about. Up to and into the year 2000, the increasing availability of jobs and, to a lesser extent, better pay, was particularly important in producing this sense of well-being. In political terms, this feeling was expressed as increasing support for the view that the country was "on the right track," as opposed to "heading in the wrong direction."<sup>9</sup>

Underlying everything else, for many, had appeared to be a perception that engagement become necessary, if not inevitable, but also that – to an extent – it is desirable, if often problematic and risky. It appears that trends

toward global integration of various kinds had become an accepted part of Americans' sense that

this is the way things are today, and that globalization brings with it a combination of benefits, rewards, costs and obligations.

It is still too soon to determine the full impact of the attacks on Sept. 11, 2001 on longer-term public attitudes about international involvement. Feelings are still raw, and perceptions are being shaped continuously by subsequent events. We can speculate, though, about the likely trends based on how the nation has responded since.

First, there was immediate, strong support throughout the country for President Bush's military campaign against the Taliban. Second, there was a rallying of opinion behind the idea of forcing Iraq to disarm even in the absence of precise evidence of "clear and present danger." Together these responses parallel the sense from earlier public opinion work that Americans are today prepared to engage the world, with force if necessary, and not only or absolutely only in retaliation for a direct attack on the U.S.

The nature of the debate over the Iraq resolution in Congress and the survey work done in the run up to that debate, however, indicate that generally the public prefers the U.S. not go it alone.<sup>10</sup>

The previously existing public sense that it is the current role of the U.S. to be the leader of the international community appears to have been reinforced by our new situation.

#### **CONCERN ABOUT INEQUALITY AT HOME**

Along with turn-of-the-millennium views about the global situation of the United States, there co-existed a deep concern among many Americans about growing inequality at home. A Pew Research Center poll released in June of

2001 reported that "As the 90s economic boom fades into history, one of its legacies is the

increasing number of Americans who see society as divided between the 'haves' and the 'have-nots.'

More than four in ten (44%) now believe the nation is split along these lines, compared to just 26% who felt that way in 1988, when the previous decade's boom was coming to a close. Reinforcing the perception of growing economic stratification is significant evidence that the poor made only a marginal improvement in their financial well-being over the past decade, while middle- and upper-income Americans substantially bettered their lot in life."<sup>11</sup>

The sponsors of this study took note of what they characterized as "increasing reports of deprivation – not having enough money to buy food, clothing or medical care, saying that such reports [that is, self-reports on opinion surveys, not economic statistics] "are as widespread today as they have been in the past three decades."

In support of this conclusion, the Pew researchers provided a table of Gallup data going back to 1976 which show higher numbers for mid-2001 than for any year reported other than 1984:

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*Still Doing Without  
Not Enough Money in Past Year for....*

	<u>Food</u>	<u>Clothes</u>	<u>Health care</u>
	%	%	%
<b>Current</b>	<b>16</b>	<b>21</b>	<b>27</b>
<b>Gallup 1998</b>	<b>11</b>	<b>18</b>	<b>22</b>
<b>Gallup 1989</b>	<b>13</b>	<b>17</b>	<b>21</b>
<b>Gallup 1987</b>	<b>15</b>	<b>19</b>	<b>21</b>
<b>Gallup 1984</b>	<b>20</b>	<b>26</b>	<b>25</b>
<b>Gallup 1976</b>	<b>14</b>	<b>19</b>	<b>15</b>

Source: Pew Research Center for the People & the Press, June 21, 2001.

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They also referred in a footnote to increasing numbers citing rising gasoline prices and utility bills as a serious family problem, based

on responses to a different Pew survey, from the preceding month.

While it is important to state that by the time these Pew findings were gathered the long economic growth period of the 1990s had already halted, this should not be taken to mean that the views reported were somehow related only to the facts of mid-2001. Views about economic conditions are at least medium-term in nature. The perceptions referred to, and the trend observed in these perceptions, were certainly of some years' standing, and the economy's real performance subsequently would only have reinforced them.

The American public did not experience the growth of the 1990s as a "rising tide lifting all boats." Average workers (and, average voters of various backgrounds) saw a country in which jobs had become easier to get, and inflation had been brought under control. These good and welcome accomplishments were accompanied by a situation in which the rich were seen to be getting richer, the poor were being put to work at low pay, and the person in the middle was pretty much staying in place.

New products had become available and were appreciated. Housing and pension values were rising. But, small increases in paychecks were offset by benefit declines. And, it was a stretch for many families to maintain an "average" middle-class lifestyle.

Over the 1990s, the stretch increasingly came in what's needed to support this lifestyle: two parents required to work full-time, with long trips to work and back, and increasing problems attending to childcare and adolescent supervision. Worries about health care costs not covered by insurance (for some, no insurance at all) add to a sense of vulnerability, along with big student loans to re-pay and bigger credit card bills.

Average Americans with decent jobs, knowing how much difficulty they have trying to stay in place, have become more understanding of and more sympathetic to the problems facing people with smaller paychecks. Welfare reform probably helped, by giving people the general sense that pretty much everyone who could work was now at work, but many at very low levels of compensation.

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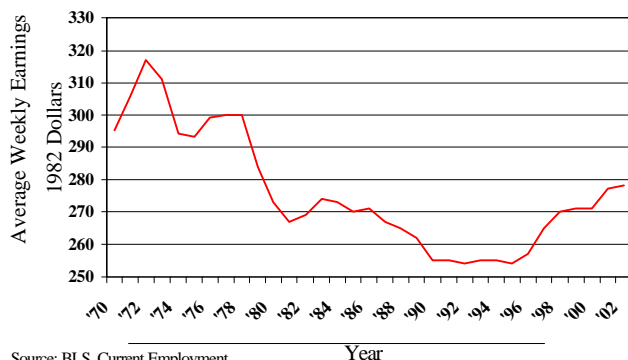
*Average Americans with decent jobs, knowing how much difficulty they have trying to stay in place, have become more understanding of and more sympathetic to the problems facing people with smaller paychecks.*

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At the policy level, there was a lot of debate about this aspect of American life between the mid-1990s and a few years later, with conservatives and mainstream economists arguing that life for Americans in general was just plain better than in earlier years, while progressives contended that this "better" was for many very difficult to sustain and for others not there at all. The debate went away as the unemployment level tightened to historic low numbers, and inflation stayed under control. Pay, in fact, finally started to increase for the lower part of the income distribution. So for a short while, the problems and the concerns appeared to abate as a matter of formal discussion. But, among the public, these concerns remained.

Evidence on compensation trends is consistent with the public views. For example, U.S. Department of Labor data on average weekly wages for the period beginning in 1972

## U.S. Real Average Weekly Earnings Employees in Private Industry (1982 Dollars)



Source: BLS, Current Employment Statistics survey (National)

indicate real hourly earnings trended down until 1996, then began a recovery, but only regained their 1986 value by the third quarter of 2002. From a diminished base, the net real increase in hourly pay over the 1990's was about 6.5 % in total, or an average of 0.06 per year.<sup>12</sup> As noted, it has been the addition of a significant proportion of adult women to the workforce – including mothers of very young children – that has made it possible for families to see higher income in the middle categories, but also a lot of stagnation or even decline at the bottom.

To return to the public's views, here again is Pew's finding from mid-2001: "Economic concerns are weighing on the minds of Americans these days. When asked in an open-ended format to name the biggest problem currently facing them and their families, most Americans (62%) cite financial concerns, and the proportion doing so is up significantly from the mid-1990s [56% in 1994]." The numbers here were better than in the early 1990s, but that's not saying much. And, they had dropped definitively lower since the time of the CNP focus groups cited here.

### **FAITH IN COMPETITION AND IN AMERICA'S ABILITY TO COMPETE AND WIN; THE VALUE OF CHOICE**

Even while experiencing underlying concerns about the economy, Americans by and large over the late 1990s and into 2000 had a very positive view of the country's overall international competitive success. People seemed to make a connection between robust markets, less regulation, new goods and services, technological prowess and declining unemployment.

When asked what words best describe what it feels like to "be American," the vast majority of focus group participants volunteered the word "proud." The reasons given for this feeling were mostly a strong sense that the United States has a dominant position in the world (including in the world economy), on the one hand, and the idea of America as a land of freedom and opportunity, on the other. Frequently, these two ideas were seen as closely linked.

Typical comments from focus group participants were: "I am just glad that I've been born here. And proud on how we seem to lead the world in a lot of things." "We live in a country that most other countries...look to because we are free."

This positive, proud sense of America's global economic leadership position went along with a fairly widespread confidence that in a world of open exchange, if there are reasonable rules, the U.S. in general should do well. This feeling was communicated not in the form of "we're Number One" bravado, interestingly. Focus group participants by and large expressed a low-key but strongly held impression of America's general economic strength in relation to the economic strengths of other countries.

"We have the upper hand 'cause we are richer."

Not every industry would survive strong international competition, these participants said, yet many seemed to accept this as not only inevitable but also not entirely bad. "I have faith that if the playing field is open then the business

would do what they need to make sure their products get into other countries." Those living closer to older manufacturing areas were more likely to regret the loss of highly-paid jobs for skilled workers, but the issue even for most of them was at the periphery of consciousness.

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*The idea of choice for its own sake seems to be closely associated with Americans' core view of this country as one where the availability of opportunity is among the highest of all values.*

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The importance of *good* jobs was key. "The economy has gotten so complicated that the requirements for getting good jobs are so advanced that a lot of people won't be able to function as well in this economy. There are no longer good decent jobs for people who lack a lot of education and skill." The relationship of trade to the availability of good jobs was not necessarily seen as central, either to those in import-competing industry centers nor to many people in regions where exports are critical to employment. There was awareness, yet not much passion, in both cases.

Perhaps most notable in terms of participants' views about the impact of trade was the emphasis placed on the provision of choice among goods. A number of individuals expressed the importance placed on the American consumer's ability to choose the best possible product, or the best possible buy for the money, from whatever source. A typical comment was "It's good for us because it allows us – like we were discussing earlier – it allows us the opportunity of choice. If we can get just as good of a product from this [other] country as is made here then general economics shows that you are

going to go with the lesser money."

This interest in product quality, or variety, in addition to pure considerations of cost, may have emerged as a result of the strong economy and unusually low unemployment that characterized the late 1990s. In a 1998 poll, 62 percent of respondents "strongly agreed" with the statement, "Because of imports from other countries, American consumers have a larger selection of goods and products to choose from." This compares with 45 percent who "strongly agreed" with the statement, "If it were not for less expensive products that are imported from other countries, many low-income American families would not be able to afford many of the products they are able to buy."<sup>13</sup> To the extent that this is the case, we might see a return to a more narrow focus on access to bargain goods as long as there is consumer concern about prospects for the national economy and unemployment is higher.

The idea of choice for its own sake seems to be closely associated with Americans' core view of this country as one where the availability of opportunity is among the highest of all values. Consumer choice is a form of opportunity. It is probable, therefore, that trade policy elements which promise the possibility of a broader, more attractive or more varied array of consumer goods and services on the American market – not just low prices – are the most likely to appeal to the public.

#### **THE EXPORT-IMPORT CONUNDRUM**

Other things equal, a rising share of imports in an economy is associated with some job loss or displacement, while a rising share of exports increases employment.<sup>14</sup> As has been pointed out elsewhere, the recent, two-decade history of trade expansion in the American economy is largely one in which the U. S. experiences annual trade deficits almost exclusively.<sup>15</sup> That having been said, however,

export share has in fact risen, with an intrinsic beneficial effect on jobs. Yet, focus group participants demonstrate almost no awareness of, much less interest in, the role exports (and, thus, export-enhancing trade agreements) might be playing in the economy.

An interesting finding from an October 2001<sup>16</sup> poll, interesting in view of the underlying labor market realities, is the fact that workers in import industries seem to be more pro-trade than workers in export industries (61 percent supporting "free trade" vs. 51).

This is obviously a complex issue. An imported semi-conductor assembled into a product in the U.S. did not require American semi-conductor manufacturing jobs in order to arrive at its final destination, but it may well have been the subject of sales, financing, communications and transportation activities carried out in the U.S. by American employees. On the other hand, the bushel of rice loaded on a barge shipping out of New Orleans is not just the product of river transport and farm labor. Its production inputs include fertilizer, pesticide, machinery, financing, transport, fuel, etc., each of which activity in turn generated other jobs (the chemical industry, machinery manufacturing, etc., etc.) and they in turn others, and so on. Further, in a complex modern economy, some of these items would likely have been imported.

It seems that both the export-industry and import-industry poll respondents cited focused on their particular places in the overall chain of related activities, to the exclusion of other effects. A Boeing engineer might be sensitive to the fact that his or her product is competing with Airbus, and that structured deals (not "free trade") with Vietnam or China provide an advantage to the U.S. The Acura dealer, on the other hand, would likely see the absence of high tariffs on Japanese cars or car components as a big plus for his or her business.

In general, it appears that the public gives significantly more emphasis to imports in thinking about trade. Part of the reason may be that, as consumers, we all come in contact with products that we know to be imports every day. It's hard for us to imagine, on the other hand (and, there is not much incentive to try) what American products others are buying, beyond the iconic, such as McDonald's and – once upon a time – Levis.

The job-creating benefits of exports, moreover, may be hard to understand. In places such as Seattle, Dubuque, Silicon Valley or Wall Street, the impact of overseas final product sales is obvious, but elsewhere around the country, where intermediate products and services are created for use by exporting companies, the fact that the final purchase is in a foreign location may not be known.

### **GOOD JOBS A KEY ISSUE**

As a recent, carefully designed, study of opinions and trade impact has demonstrated, attitudes about trade protection are most closely linked to skill levels.<sup>17</sup> The evidence from this study indicates a strong negative association between level of skill/wages and preference for trade restrictions. This association is not closely linked to specific industries, and does not depend on assuming a direct personal negative impact from import competition.

The authors of this study point out, importantly, that – whatever the reason – "the premium earned by more-skilled American workers over less-skilled workers has been rising sharply since the late 1970s [and] average real-wage growth in the United States has been sluggish since the early 1970s, the recent improvement of the past 5 years notwithstanding."<sup>18</sup> While citing a large body of research that provides no absolute, direct link

between increased trade and greater exposure of the U.S. economy to what are, for the most part, lower-pay workers elsewhere, these authors make it clear that the public is not buying the argument that it doesn't matter.

Put another way, it may be that the public is saying, "with the great increase in trade has come no appreciable benefit to me in my paycheck. Before all this, workers regularly got significant annual increases. So, why should I care? Especially when I know about workers who are on the shelf permanently because their industry is basically gone?" The authors of the study cited argue that the lack of direct evidence linking globalization and wage stagnation or rising inequality and public attitudes of concern about further trade liberalization are not necessarily inconsistent.

"First, a small effect of globalization on wages is not zero effect. Second, people may think government policy cannot impede technological change, so they may opt for antiglobalization policies. And third, people may be forward-looking: even if they think globalization has had no role in US labor markets so far, they may think it will in the future."<sup>19</sup>

Or, perhaps they perceive that increased imports (not trade overall), immigration and U.S. foreign direct investment have interacted in complex ways to accelerate the adoption of technology favoring higher-skill workers, and to decrease the demand for lower-skilled workers in relatively high-compensation jobs (where unions had a big impact).

There is no plausible way to argue the opposite. That is, which of the following are likely to have helped raise the wages of low-skill US workers in the last couple of decades: importing cell phones and computer chips; selling insurance overseas (where backroom operations have gone, as well); losing out at home to foreign

competition in textiles, apparel, VCR's and steel; adding jobs for janitors, telemarketers, hotel workers, fast food counter workers?

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The U.S. Department of Labor projects jobs to be filled over a number of years. Of the 20 top growing occupations projected for the current decade, 10 are at the lowest skill and earning levels, while only 5 are in the high category, with the rest in between.<sup>20</sup>

The experience of the U.S. low-skill worker (and, some displaced higher-skill workers) as trade liberalized was to find jobs increasingly available – at least, throughout most of the 1990s – but compensation flat, and low. The natural tendency from the trends of the immediate post-war period would be to assume that low unemployment eventually would translate into higher pay. It would be irrational for these workers to endorse trade liberalization without qualification if it appears not to be contributing to this expected positive outcome.

As a focus group participant put it, "We have unemployment that is as low as it has been in quite a while [but] it is not helping my pocketbook."

## CONCLUSION

A look at public opinion both in general and in depth produces a picture of voters who appreciate the fact that they have broad, varied and affordable consumer choices, and who are happy to know that some countries that used to be poor are now middle-class. But it also shows members of the public increasingly feeling that the costs may be beginning to outweigh the benefits, at least as they understand them. In a sense, the picture is one of rational calculators who perceive evidence of diminishing returns.

The public has a reasonably sophisticated and complex understanding of the trade issue, even though the information available is often vague or distorted. Moreover, there is evidence that attitudes about trade have become

increasingly lukewarm in recent years, as the impact of trade on the economy has increased, and for many those attitudes are increasingly conflicted. Views of who benefits, and how, are nuanced. Perceptions of costs are, for the most part, not articulated in terms of personal self-interest, but rather in terms of the impact on others – neighbors at home, exploited or abused workers abroad, the country as a whole.

In sum, those policy-makers and others who would like to see further trade liberalization would be well advised to take seriously public concerns about negative "side effects," and take steps to address them. In particular, attention to increasing exports and reducing trade deficits seems warranted.

## NOTES

1. Elizabeth Gottschalk provided research support and assisted with parts of the analysis for this paper while serving as an intern at CNP from the University of North Carolina during the summer and fall of 2002. CNP program assistant Alex Sunshine, a 2002 graduate of the University of Wisconsin, assembled and indexed data on wages, and gathered information for some of the citations herein.

2. Unless otherwise indicated, the focus group findings referenced through out this discussion are from an opinion research project designed specifically to explore the basis for the public's views about international trade. An analysis of the focus group research is published in "America the Proud: Voters' Views on International Trade" by the Center for National Policy (CNP). These focus groups were conducted during the late summer and early fall of 2000 by Lake Snell Perry & Associates, with significant input by CNP as to initial design of the overall research framework, and to establish the criteria for participant and site selection. Sessions with eight separate groups of likely voters were conducted in four locations. The composition of the groups was as follows:

Chicago, IL: Non-college white men; College white women

Oakland, CA: College white men; Non-college white women

Richmond, VA: College white men; African American women

Cleveland, OH: White seniors; Non-college white men

Except for the seniors group (aged 60+), all respondents were aged 25-60, and all were swing voters or weak partisans. Discussions lasted 120-150 minutes and were led by trained focus group moderators.

3. That is, the degree of efficiency of one producing country in relation to another with respect to a specific product. The term "competitive" advantage is sometimes used to imply this relationship, but in the real world, a specific comparative economic advantage will not necessarily result in a competitive edge in any particular market.

4. "Congressional Institute National Issues Survey," January, 2001, Washington, DC: The Congressional Institute, [www.conginst.org](http://www.conginst.org); and, "Holding On: Americans Assess a Changing Economic Landscape," v.3.1: Spring 2001, *Work Trends*, New Brunswick, NJ: John J. Heldrich Center for Workforce Development, Rutgers University, [www.heldrich.rutgers.edu](http://www.heldrich.rutgers.edu).

5. See details in "GDP & U.S. International Trade in Goods and Services, 1970-2001, National Income and Produce Accounts Basis, at [www.ita.doc.gov/td/industry/otea/usfth/aggregate/H01t05.pdf](http://www.ita.doc.gov/td/industry/otea/usfth/aggregate/H01t05.pdf).

6. *Business Week*, "BW / Harris Poll: Globalization: What Americans are Worried About," April 24, 2000.

7. For an overview from the early 1990s, see Americans Talk Issues Foundation reports, "Americans Talk Security" series in particular. Roper Center for Public Opinion Research archives. An example of relevant responses can be found in Survey 15, fielded in March 1991, "New World Order" discussion, p. 16-19. See also "Diagnosing Voter Discontent: Politics, Identity and the Search for Common Ground," Center for National Policy Report, April 18, 1996, and Steinbruner, M.S. and Spirtas, M., "Uncertain America," in *Seton Hall Journal of Diplomacy and International Relations*, Vol.1, No. 1, Summer/Fall 2000.

8. For a broad discussion, see S. Kull, *Americans on Globalization: A Study of US Public Attitudes*, March 28, 2000, Washington, D.C.: Program on International Policy Attitudes, (PIPA), and other PIPA surveys, <http://www.americans-world.org>. See also S. Kull and I.M. Destler, 1999, *Misreading the Public: The Myth of a New Isolationism*, Washington, D.C.: The Brookings Institution.

9. Measures generally show a steady increase in positive feelings about the direction of the country over the 1990s, with a negative turn beginning during 2000. After a dip and recovery related to Sept. 11, 2001, the measure has continued on a downhill course since. See, for example, Charlton Research National Issues Survey, January 2001, [www.charltonresearch.com](http://www.charltonresearch.com); and PollingReport.com, George Washington University in Arlington, "Direction of the Country."

10. See October 23, 2002 PIPA Bulletin: October Polling on Iraq.

11. "Economic Inequality Seen As Rising, Boom Bypasses Poor," June 21, 2001, Washington, DC: Pew Research Center for the People & the Press.

12. Bureau of Labor Statistics, Current Employment Statistics Survey (National). See <http://data.bls.gov/cgi-bin/surveymost?ee>

13. EPIC/MRA for The WIIT Charitable Trust (Association of Women in International Trade). See [www.wiittrust.org/pdfs/trade\\_news98.pdf](http://www.wiittrust.org/pdfs/trade_news98.pdf).

14. For a detailed analysis of manufacturing employment, see Kletzer, Lori G., *Imports, Exports and Jobs, What Does Trade Mean for Employment and Job Loss*, 2002, Kalamazoo, Michigan: W.E. Upjohn Institute for Employment Research.

15. See Scott, Robert E., "Fast Track to Lost Jobs," October, 2001, Washington, D.C.: Economic Policy Institute.

16. EPIC/MRA survey commissioned by The WIIT Charitable Trust (Association of Women in International Trade), conducted October 7-11, 2001. See [www.wiittrust.org/pubs.html](http://www.wiittrust.org/pubs.html) for data.

17. Scheve, K.F. & Slaughter, M.J., *Globalization and the Perceptions of American Workers*, 2001, Washington, DC: Institute for International Economics.

18. Scheve & Slaughter, p. 10.

19. Scheve & Slaughter, p. 11.

20. Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Quarterly*, Winter 2001-2002, "Occupations gaining the most jobs: Employment growth in selected occupations, projected 2000-10," page 13. See <http://www.bls.gov/opub/ooq/2001/winter/art03.pdf>. These projections are affected by trends over the 1990s. One study of job change by industry-occupation group in the 1980's showed a net increase in median compensation for women, but a net decrease for men, with growth in low-pay employment for the latter greatly outstripping high-compensation increases. See Medoff, J.L. and Steinbruner, M.S., "Jobs and the Gender Gap: The Impact of Structural Change on Worker Pay 1984-1993. Washington, D.C.: Center for National Policy (1994).