

Public Opinion on Geopolitics and Trade: Theory and Evidence

Allison Carnegie

Columbia

Nikhil Gaikwad

Princeton

IPES

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Support for Free Trade

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Support for Free Trade

- What determines support for free trade?
- Large debate - scholars cite many cultural and economic factors
- Little attention paid to security concerns
- Examine micro foundations of geopolitics of trade
- Do liberal peace or security externalities theories better predict attitudes toward trade?
- Find that while security externalities dominate thinking, desires for peace can sway some citizens

Geopolitics and Trade

- Do geopolitics matter?
- Crucial question: while many lack info about trade, public opinion especially salient when geopolitics in play
- Politicians most constrained by citizens during these times
- Yet unclear how citizens think about these issues

Liberal Peace

- Widespread belief that trade reduces conflict → implies states want to trade with adversaries
- France and Germany in postwar Europe, Nixon's opening to China, Bush and Clinton administrations, WTO's mission statement + recent entrants
- Theory relies on assumptions about public opinion:

Liberal Peace

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- Theory relies on assumptions about public opinion:
- Disputes harm commercial arrangements, so people prefer peace with trading partners
- Trade increases contact and communication between citizens and political figures
- Citizens thus pressure government to refrain from conflict
- Many thus advocate trade to foster peace

Security Externalities

- Alternative account: Economic statecraft (Gowa 1993, Gowa and Mansfield 2004)
- Trade with adversaries carries negative security externalities – trade frees up resources that can build military
- Conversely, trade with allies carries positive externalities – commitments to joint security gives incentives to boost joint military capabilities
- People thus prefer trade with allies

Evidence: US–China

U.S. context interesting: consider debate over whether to allow China into the WTO

- Those in favor of trading with China argued it would lead to peace.
- Senator Grassley: “History shows that free and open trade is one of the most effective ways to keep the peace.”
- WSJ: “Dependent on...Western commerce, China would reconsider military adventurism as too costly and counterproductive.”

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- WSJ: “Dependent on...Western commerce, China would reconsider military adventurism as too costly and counterproductive.”
- Critics argued that trade would build up China’s military, which could harm the U.S. if a conflict broke out.
- China Commission: “We are strengthening a country that could challenge us economically, politically and militarily.”
- “Transfers of economic resources [lead to] China’s economic growth and military modernization.”

Evidence: India–Pakistan

India context interesting- consider controversy over whether to extend Pakistan MFN.

- “Stakeholders....hoped that better economic relations would pave the way for political stability and normalized relations.”
- However, voter opposition led India “back to square one.”
- What does the public think? Constrains elites, salient election issue
- Public opinion data from Pew 2013 survey suggests that citizens think about both factors

Many Examples

- China-Taiwan
- US-Russia
- South Korea - North Korea
- TPP
- Systematic evidence?

Vignette Experiment Design

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- In addition, the article makes two key predictions about how trade with the U.S. will impact the other country. First, trade [*will / will not*] benefit the other country's military. Second, trade [*will / will not*] help ensure peace by reducing the possibility of a conflict between the other country and the U.S.

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- Asked support for trade, whether it would help national security and economy, open-ended questions, demographics, isolationism, internationalism, hawkishness, ethnocentrism

Vignette Results

Switching from ally to adversary decreases support by 19 pp

Table: OLS Estimate of the Effect of Ally / Adversary Treatment

	Binary Outcome 1	Binary Outcome 2	Ordered Outcome 3
Adversary Treatment	- 0.189 (0.028)	- 0.189 (0.028)	- 0.510 (0.048)
Constant	5.818 (0.020)	0.412 (0.077)	2.147 (0.047)
Controls	No	Yes	No
R-Squared	0.035	0.061	0.042
N	1,208	1,202	1,208

Notes: Pre-treatment controls include gender, age, education, religion, race, and income

Test of Security Externalities

Support for free trade falls by 18 pp for adversaries; no significant effect for allies

Table: OLS Estimate of the Effect of Security Externality Treatment

	Effect in Full Sample 1	Effect For Adversaries 2	Effect For Allies 3
Military Treatment	-0.109 (0.029)	-0.183 (0.039)	-0.039 (0.040)
Constant	0.542 (0.020)	0.484 (0.029)	0.601 0.028
R-Squared	0.012	0.035	0.002
N	1,202	603	605

Trade and Peace

When informed that trade will help peace, increase support for trade with both adversaries and allies, flipping sign for adversaries

Table: OLS Estimate of the Effect of Peace Treatment

	Effect in Full Sample 1	Effect For Adversaries 2	Effect For Allies 3
Peace Treatment	0.313 (0.027)	0.331 (0.037)	0.299 (0.038)
Constant	0.332 (0.027)	0.227 (0.024)	0.435 0.028
R-Squared	0.097	0.115	0.091
N	1,208	603	605

Conjoint Experiment Design

Helps discern the direction and relative magnitude of determinants of preferences over free trade

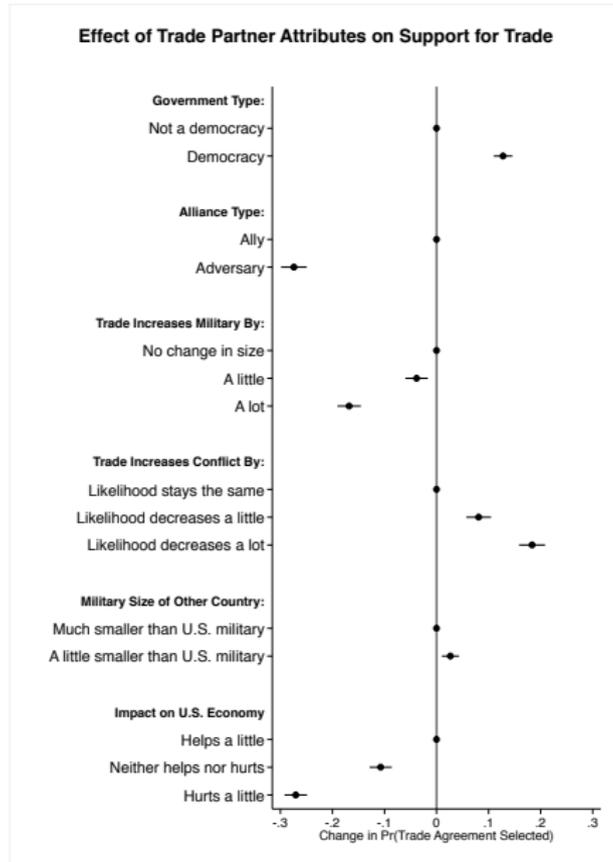
- MTurk sample of 1,208 U.S. adults
- Present two randomly generated hypothetical choices and ask to rank them according to which they prefer trading with
- Use a linear probability model to estimate the marginal effects of each of these features.
- For each trade partner, *Trade Partner Support*, takes a value of 1 if a subject selected that partner and 0 otherwise.
- We regress this variable on dummy variables for values of the trade agreement to nonparametrically estimate the effect of variation in each feature on support for free trade.

Conjoint Experiment Design

Table: Treatments in Conjoint Experiment

Attributes	Values
Country government type	Democracy Not a democracy
Country current military size	One quarter the size of the US military One third the size of the US military One half the size of the US military
Country alliance with America	Ally of America Adversary of America
Trade will increase the size of the military of the other country by	No change in size Two times Three times
Trade will change the likelihood the other country engages in conflict with the US by	Likelihood stays the same Likelihood decreases a little Likelihood decreases a lot

Main effects



Results

- When a potential trading partner is an adversary, trade will increase the military a lot, and will not lead to peace – the worst case scenario according to our theory – support for trade is a negligible 0.042.
- When trade will decrease conflict a lot and will not increase the military, support for trade skyrockets to 0.419
- But do people consider these factors even without being prompted?

Table: Reasons for Trade with Adversaries

U.S.

Category	Responses
Security Externalities	33
Peace	70
Trust	26
Other Geopolitical Rationale	23
Economic Rationale	82
Other Rationale	12
Cannot Be Determined	9

Table: Reasons for Trade with Adversaries

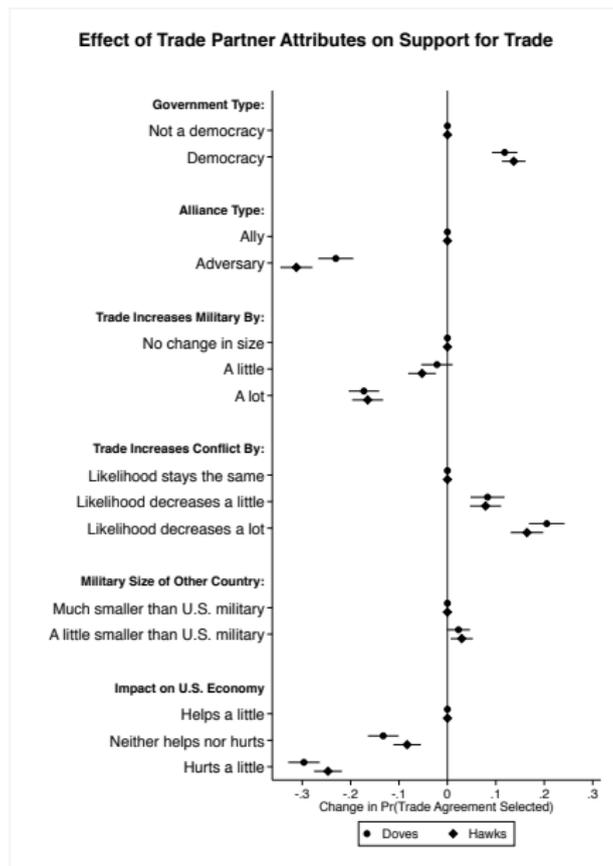
India

Category	Responses
Security Externalities	73
Peace	74
Trust	17
Other Geopolitical Rationale	4
Economic Rationale	50
Other Rationale	4
Cannot Be Determined	12

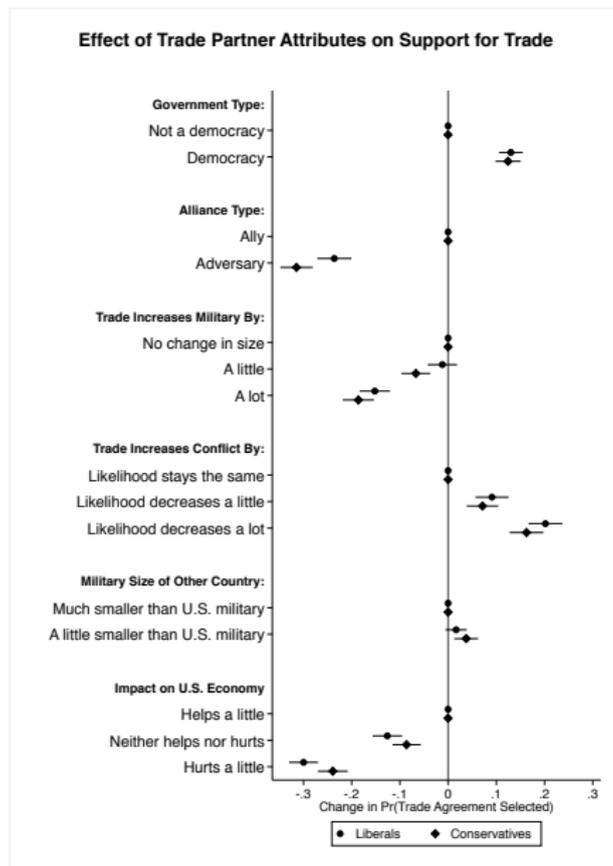
Conclusion

- Revisited predictions of two large literatures: liberal peace and security externalities
- Liberal peace would suggest public likes trade with all countries, esp. adversaries with whom it fosters peace
- Security externalities predicts public favors trade with allies since trade diverted to military
- Found that security externalities dominate thinking—though only with adversaries—but preferences reverse when people believe that trade will lead to peace
- Underscores potential importance of elite communication
- Theoretical and policy contribution. Helps make sense of current U.S. debates over trade, changes over time

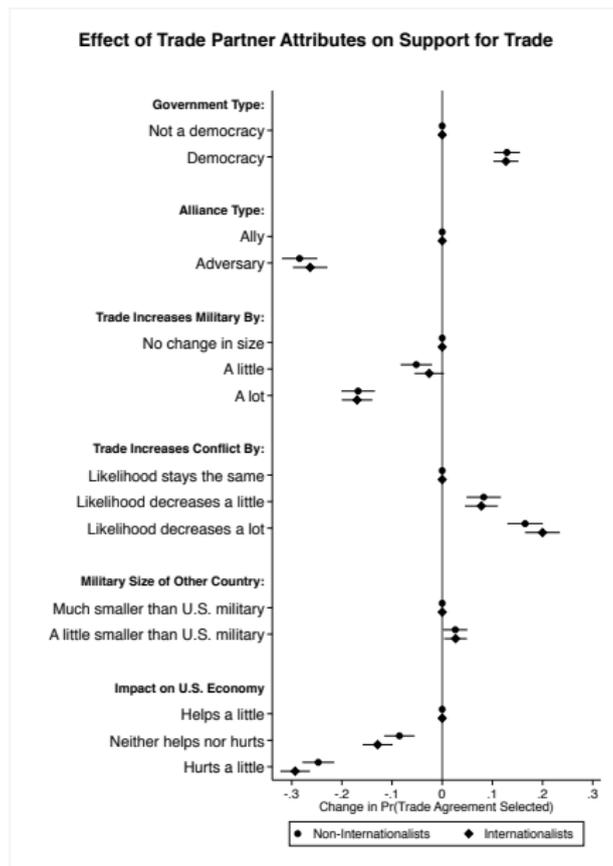
Conjoint: Hawks Versus Doves



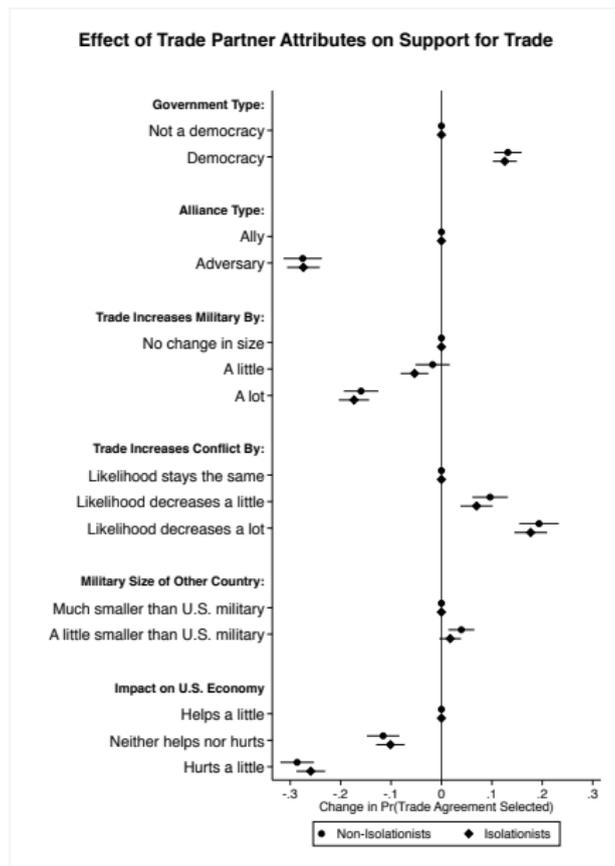
Conjoint: Liberals Versus Conservatives



Conjoint: Internationalists Versus Non-Internationalists



Conjoint: Isolationists Versus Non-Isolationists



Conjoint Results

Table: Effect of Trade Partner's Attributes on Support for Free Trade

	Treatment Effect in Full Sample
<i>Other Country's Alliance with America; Baseline: Ally</i>	
Adversary	-0.272 (0.013)
<i>Increase in Size of Other Country's Military; Baseline: No change in size</i>	
A little	-0.038 (0.012)
A lot	-0.172 (0.012)
<i>Change in Likelihood of Conflict; Baseline: Likelihood stays the same</i>	
Decreases a little	0.086 (0.013)
Decreases a lot	0.181 (0.013)
<i>Current Military Size of Other Country; Baseline: A little smaller than the American military</i>	
Much Smaller	0.026 (0.009)
<i>Other Country's Government Type; Baseline: Not a democracy</i>	
Democracy	0.129 (0.010)
<i>Impact of Trade on U.S. Economy; Baseline: Helps a little</i>	
Neither helps nor hurts	-0.101 (0.011)
Hurts a little	-0.236 (0.012)
N	10,872

Conjoint Results

Table: Effect of Trade Partner's Attributes on Support for Free Trade

	Effect Among Doves	Effect Among Hawks
<i>Other Country's Government Type: Baseline: Not a democracy</i>		
Democracy	0.115 (0.014)	0.141 (0.013)
<i>Other Country's Alliance with America: Baseline: Ally</i>		
Adversary	-0.228 (0.019)	-0.309 (0.018)
<i>Current Military Size of Other Country: Baseline: A little smaller</i>		
Much Smaller	0.017 (0.013)	0.056 (0.040)
<i>Increase in Size of Other Country's Military: Baseline: No change in size</i>		
A little	-0.016 (0.017)	-0.057 (0.016)
A lot	-0.174 (0.017)	-0.171 (0.017)
<i>Change in Likelihood of Conflict: Baseline: Likelihood stays the same</i>		
Decreases a little	0.082 (0.019)	0.089 (0.017)
Decreases a lot	0.199 (0.020)	0.164 (0.018)
<i>Impact of Trade on U.S. Economy: Baseline: Helps a little</i>		
Neither helps nor hurts	-0.123 (0.017)	-0.081 (0.015)
Hurts a little	-0.256 (0.017)	-0.219 (0.016)
N	5,085	5,787

DV: Increase trade between India and Pakistan

IV: "How serious of a threat is Pakistan to our country?"

Table: Effect of Viewing Pakistan as More Threatening on Unwillingness to Trade

	No Controls	Adding Control Variables
Threatening	0.099***	0.099***
View of Pakistan	(0.023)	(0.023)
N	2220	2220

Support for Gowa, but what about liberal peace?

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IV: "How important is it that relations improve between Pakistan and India?"

Table: Effect of Support for Peace on Willingness to Trade

	No Controls	Adding Control Variables
Peace with Pakistan Important	0.232*** (0.018)	0.234*** (0.018)
N	2220	2220