

what the public really wants

on globalization and trade

by ruy teixeira

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In the 2006 elections, many incumbents in the Senate and House of Representatives were defeated by challengers who, among other things, called for “fair trade” and a new approach to globalization. Does that portend a wave of protectionism that could damage the U.S. and global economy, as some observers fear?

A careful reading of the polling data suggests these fears are not warranted. The American public remains supportive of globalization in principle, though it does have many concerns about the way this process is currently working—particularly as it affects the jobs, wages, and benefits of ordinary Americans. This is why the public is currently unenthusiastic to negative about new free trade agreements and extremely worried about offshoring, despite their general support for the globalization process.

Addressing these concerns will be key for policymakers who wish to build public support for an open global economy. Understanding the complex reactions of the American public to globalization in recent opinion polls is a great place to start.

Globalization in Principle

Overall, Americans support the concept of globalization and appear to be becoming both more familiar and more positive about it. An October 2006 survey by the Chicago Council on Foreign Relations (or CCFR) found that 60 percent of respondents described the process of globalization as mostly good for the United States, “especially the increasing connections of our economy with others around the world,” compared to just 35 percent who said it was mostly bad. When globalization is not specifically tied to the expansion of economic linkages, however, feelings about globalization tend to be more ambivalent. In a March 2005 Greenberg Quinlan Rosner Survey for the Rockefeller Foundation’s Economic Resiliency Group, respondents to the ERG survey were asked simply whether they thought globalization was mostly good or bad for the United States. Only a very narrow plurality (43 percent to 41 percent) favored the idea that it was mostly good.

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Still, the CCFR poll revealed that Americans, by a 70 percent-to-26-percent margin, thought international trade is good for “consumers like you,” and by 64 percent to 31 percent, believe that international trade is good for “your own standard of living.” Respondents to the CCFR poll also thought that international trade is good for U.S. companies (52 percent to 45 percent margin) and good for the U.S. economy (54 percent to 42 percent).

Indeed, support for free trade, at least in principle, may be increasing, not decreasing. In 1953, for example, Gallup found a 54 percent-to-33 percent majority favoring a policy of free trade. Almost half a century later, in 2000, the Pew Research Center found a 64 percent-to-27 percent majority in favor of the idea that free trade with other countries is good for the United States.

Consistent with these sentiments, Americans do not wish to stop or even slow down the process of globalization. Surveys invariably show large majorities favoring the continuation of the globalization process and little support for opting out of that process. In a June 2004 Program on International Policy Attitudes poll, 59 percent thought the U.S. government should either “actively promote” globalization (19 percent) or “allow it to continue” (40 percent). Only 38 percent of respondents in this PIPA poll favored trying to “slow it down” (29 percent) or “stop or reverse it” (nine percent).

Globalization in Practice

But if the public does not want to stop the process of globalization and supports the general idea of an increasingly interconnected world, they nevertheless express many serious doubts about the way globalization has worked in practice.

First and most fundamentally, the public believes that Americans *as workers* (as opposed to consumers) are not benefiting from the increase in international trade, and that U.S. trade policy is not attentive to the needs of American workers. For example, in the 2006 CCFR poll—

The Good and Bad of International Trade

70 percent say it is good for “consumers like you”

64 percent say it is good for “your own standard living”

52 percent say it is good for American companies

54 percent margin say it is good for the U.S. economy

60 percent, however, say it is bad for creating jobs

67 percent say it is bad for American workers’ job security

October 2006 CCFR poll

Promoting Globalization

59 percent say the U.S. government should actively promote globalization or allow it to continue

38 percent say the U.S. government should slow down globalization or stop or reverse it

June 2004 PIPA poll

the same poll that found positive attitudes toward globalization's effects on the country as a whole and on Americans as consumers—the public thought international trade was bad for creating jobs in this country (60 percent) and bad for American workers' job security (67 percent). And in a January 2004 PIPA poll, when respondents were asked about the net effects of trade, 63 percent agreed that more jobs were lost from imports, compared to just eight percent who thought more jobs were gained from exports.

Most recently, in a December 2006 poll, the Pew Research Center asked about the effects of “free trade agreements” on the U.S. in four different economic areas. The Pew poll found negative to lukewarm evaluations in these areas: jobs (48 percent job losses/12 percent creates jobs); wages (44 percent lower/11 percent higher); economic growth (28 percent grows the economy/34 percent slows the economy); and the prices of products (32 percent lower/30 percent higher).

Indeed, Pew found that negative evaluations tended to dominate positive evaluations across these areas. Half of the public had two or more negative evaluations across the four areas, compared to just 23 percent who had two or more positive evaluations. And almost half (47 percent) had *no* positive evaluations across the four areas, compared to 30 percent who had no negative evaluations.

What Is To Be Done on Trade?

Consistent with this data, majoritarian support for lowering trade barriers tends to be contingent upon how workers would be treated under such arrangements and whether standards to mitigate the negative effects of international trade would be in place. In a June 2005 PIPA poll, for example, 55 percent said they favored agreements for the mutual lowering of tariff barriers *provided the government has programs to help workers who lose their jobs*, compared to 27 percent who opposed such agreements. Another 11 percent supported tariff-lowering agreements, but were opposed to programs to assist workers. And in a 1999 PIPA poll, respondents agreed by a two-to-one margin (60 percent to 29 percent) that existing government efforts to retrain workers hurt by international trade are inadequate.

Effects of Free Trade Agreements on the U.S.

48 percent say they lead to job losses; **12 percent** say jobs are created

44 percent say wages are lowered; **11 percent** they are raised

December 2006 Pew Research Center poll

When it comes to labor and environmental standards in trade agreements, public support is truly overwhelming. Since 2002, surveys by PIPA and CCFR have regularly recorded support of over 90 percent for countries involved in international trade agreements having to “maintain minimum standards for working conditions.” In the most recent reading (the 2006 CCFR survey), 93 percent endorsed such standards. In the same survey, 91 percent also

endorsed the inclusion of minimum standards for protection of the environment in such agreements.

Other polls have found very strong majorities in favor of including a wide array of other standards in trade agreements. In a 1997 poll by Peter Hart for the AFL-CIO, for example, Americans overwhelmingly agreed that trade agreements should include standards “so that all countries would have to meet workplace health and safety standards” (94 percent); “have and enforce laws against child labor” (93 percent); “protect basic human rights, such as the freedom to associate or have meetings, and the freedom to strike or protest” (92 percent); “pay their workers a minimum wage based on the poverty line of the country” (81 percent); and “ensure the legal right to form unions or bargain collectively” (78 percent).

Most Americans also believe the United States has a *moral* obligation to try to improve workers’ conditions and rights in other countries. In a June 2005 PIPA poll, 74 percent endorsed the view that America has a moral obligation to ensure that the products we use are not produced in “harsh or unsafe conditions.” Only 20 percent thought “it is not for us to judge what the working conditions should be in another country.” This attitude has remained steady over time in PIPA polls going back to 1999.

Americans also support the idea that wages in other countries should be allowed to rise through higher labor rights. In the June 2005 PIPA poll, 83 percent agreed with the statement: “While we cannot expect workers in foreign countries to make the same wages as in the U.S., we should expect other countries to permit wages to rise by allowing workers to organize into unions and by putting a stop to child labor.” This number has also been steady going back to 1999.

Consistent with their views on America’s moral obligations, the public strongly believes that the United States should not allow products to be imported when their production has involved the violation of international labor standards. Case in point: In an October 1999 PIPA poll, 80 percent wanted to bar products made by children under the age of 15 when they “are required to work so many hours that they cannot go to school,” and 82 percent wanted to bar products when children are “forced to work under threat of punishment.” Seventy-seven percent of respondents to the same poll also thought that products made by adult “workers in factories that are unsafe or unhealthy” should not be imported into the U.S.

Similarly, the public strongly backs protecting the environment in other countries. In an October 2004 PIPA poll, the public rejected, by a 71 percent-to-21 percent margin, the

Labor and Environmental Standards in Trade Agreements

93 percent endorse minimum standards for working conditions

91 percent endorse minimum standards for protection of the environment

October 2006 CCFR survey

World Trade Organization's current position that countries should not be allowed to restrict imports because they had been produced in ways that damage the environment.

NAFTA, CAFTA, and China

Given these views on worker assistance, working standards and moral obligations, it is unsurprising that the public is unenthusiastic about current and proposed future trade agreements that do not reflect these commitments. The North American Free Trade Agreement, for example, which was noticeably light in all these areas, currently enjoys the support of only a small plurality of Americans—despite the solid support noted earlier for the principle of free trade.

In the June 2005 PIPA poll, 46 percent said NAFTA has been good for the United States, 40 percent said it has been bad for the United States, and another 12 percent said it has been neither good nor bad. And feelings about NAFTA are downright negative when it comes to effects on American workers and jobs. In the 2004 CCFR poll, the public, by a 60 percent-to-25 percent margin, said that NAFTA has had a bad effect on the job security of American workers. By 56 percent to 31 percent, respondents to the same poll said NAFTA has had a bad effect on U.S. job creation.

The more recent Central American Free Trade Agreement, or CAFTA, draws similarly lukewarm support. According to a June 2005 PIPA poll, just half of Americans currently support the trade agreement. But—reflecting the commitments enumerated above—two-thirds of the public say they would support CAFTA *if* the U.S. government increased federal trade adjustment assistance spending and ensured that governments in Central America enforced health and safety standards for their workers.

When it comes to trade with China, public attitudes are more negative. In an April 2000 Pew Research Center poll, 52 percent said that, in the long run, China's entry into the World Trade Organization would lead to more jobs leaving the United States, while only 24 percent said it would lead to more jobs being created in this country. And in the 2006 CCFR poll, the public opposed a free trade agreement with China by 22 points, 56 percent to 34 percent. (A free trade agreement with India, which is more and more bracketed with China as a growing economic power, is also opposed by the public by a very similar 54 percent-to-36 percent margin).

Offshoring

An emerging and increasingly important part of globalization is the offshoring of white collar jobs, particularly to India and China. Receiving national attention in 2004, this process is arousing concern and even anger among most Americans. (In some surveys

Outsourcing

76 percent say outsourcing is mostly bad because American workers lose jobs to people in other countries

21 percent say it is mostly good because it results in lower prices in the U.S.

October 2006 CCFR survey

and news coverage, offshoring is called “outsourcing.” When used in this way, “outsourcing” means moving American jobs overseas, not subcontracting jobs from one company to another.) Offshoring is probably the aspect of globalization about which Americans feel the most unambiguously negative.

In March 2005, a Pew Research Center poll found that, by 69 percent to 22 percent, Americans say outsourcing is bad for the economy because it sends good jobs overseas, rather than good for the economy because it keeps the cost of goods and services down. This finding was replicated a year later in the ERG poll, where, by 64 percent to 29 percent, the public had the same negative assessment of outsourcing’s effect on the American economy.

Most recently, in the December 2006 CCFR survey, 76 percent of the public said outsourcing is “mostly a bad thing because American workers lose their jobs to people in other countries.” This negative view compared to just 21 percent who believed outsourcing is “mostly a good thing because it results in lower prices in the US which helps stimulate the economy and create new jobs.”

More than most economic issues, offshoring generates anti-corporate sentiments. In a May 2004 Ipsos–Associated Press poll, 64 percent believed outsourcing is mostly caused by the greed of corporate executives, compared to 30 percent who mostly thought that outsourcing was mostly caused by the need of companies to compete.

Negative sentiments about offshoring may have also contributed to a recent decline in public support for trade agreements among highly educated, high-income people (as observed in PIPA polls) who are typically the strongest backers of globalization. The ERG poll shows just how strong anti-offshoring sentiment currently is among those with the most education and/or income: 61 percent of those with a post-graduate education said outsourcing was bad for the economy because it sent jobs overseas, as did 64 percent of those with a high school diploma or less.

Similarly, 65 percent of those with incomes under \$30,000 thought outsourcing was bad for the economy, but so did 61 percent of those with incomes over \$75,000. This contrasts with sentiment about import limits, where high income and education respondents still tend to be much more pro-free trade in their views than their poorer and less-educated counterparts.

Negative Sentiment about Offshoring Spans the Economic Spectrum

64 percent of those with a high school diploma or less said outsourcing was bad for the economy because it sent good jobs overseas. **61 percent** of those at the postgraduate level felt the same.

65 percent of those with incomes under \$30,000 thought outsourcing was bad for the economy. **61 percent** of those with incomes over \$75,000 felt the same.

March 2006 ERG poll

The unanimous hostility toward offshoring across socioeconomic groups suggests that policymakers who wish to maintain and extend the open global economy can no longer rely on the upper strata of American society to reflexively support the most pro-free trade policy positions. Instead, it will be necessary to design policies to mitigate and manage the dislocations of globalization if the support of these strata, as well as that of their less fortunate counterparts, is to be maintained. In short, the discontents of globalization must be dealt with effectively—and soon—if we ever hope to reach the ideal of a truly open, dynamic global economy.