

Deficit Anxiety

Current Account Balance and Trade Preferences

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Abstract

Mainstream economic theory holds that current account balances are not of primary importance for national welfare or for the distributive consequences of trade. However, political rhetoric and popular discourse reflect widespread concern with current account deficits. I claim that popular opinion tends to reflect a “crypto-mercantilist” heuristic whereby current account deficits are seen as detrimental to employment prospects and/or to national status, reflecting concerns that have been widespread and persistent throughout history. I provide evidence for this claim by using cross-national data to show that individuals in countries that are contemporaneously running current account deficits are more protectionist than individuals in surplus countries. Moreover, I use an original survey experiment to show that individuals who are exposed to a priming treatment reminding them of the current account deficit are more protectionist than the control group, and that this effect operates through the perceived impact on aggregate employment prospects rather than through concern for national status. These results contribute to a body of literature that theorizes individual preferences over trade as being informed by concern over its macro-level impacts, and highlight the importance of the role of economic ideas in public discourse.

Introduction

Current account deficits are not supposed to matter. According to mainstream economic theory, a deficit in the current account balance is a mechanical outcome of the accounting relationship between national consumption and production. Current account balances are neither good nor bad; they do nothing to affect aggregate welfare in the long run. Talking about the deficit is a distraction from the conversation we should be having about how to maximize the efficiency gains from trade while ameliorating the consequences for workers in disadvantaged sectors of the economy.

And yet, politicians do talk as if trade deficits matter, and voters seem to respond. In June of 2016, Donald Trump addressed a crowd in Monessen, PA, a depressed former steel town near Pittsburgh:

“Massive trade deficits subtract directly from our gross domestic product Today, we import nearly \$800 billion more in goods than we export. We can’t continue to do that. This is not some natural disaster, it’s a political and politician-made disaster We allowed foreign countries to subsidize their goods, devalue their currencies, violate their agreements and cheat in every way imaginable, and our politicians did nothing about it. Trillions of our dollars and millions of our jobs flowed overseas as a result A Trump Administration will end that war by getting a fair deal for the American people. The era of economic surrender will finally be over.” (Time, 2016).

The crowd roared its approval, and in November, the county favored Trump by more than 30 percentage points. But while Trump has brought renewed attention to trade¹ deficits, he is far from the first to do so. In the late eighties, Dick Gephardt, a congressional representative from Missouri, made trade deficits the centerpiece of his bid for the Democratic Presidential nomination. His trademark initiative, the “Gephardt Amendment” to the Omnibus Trade Act, would have required countries running “excessive” bilateral trade surpluses with the United States to drastically cut those surpluses. Just as with Trump, the trade deficit itself was the problem.

To an economist, this focus on trade or current-account deficits or surpluses as the barometer

¹Trade balance refers to the net flow of goods and services, while the current account balance also includes income and transfers.

of the effects of trade is puzzling or simply misguided. According to the mainstream economic consensus, a current account deficit is not inherently bad: all it means is that a country is consuming more than its income. In order for payments to balance, a current account deficit is coupled with a capital account surplus, i.e. an inflow of capital into the country as foreigners buy domestic financial instruments. If anything, this capital inflow should increase domestic wages by increasing the stock of capital per worker.

However, to a mercantilist, the focus on balance of trade makes perfect sense. Mercantilism is a belief in “promoting a favorable balance of trade as the best method to increase the wealth of a nation” (LaHaye 2008). While mercantilism has been discounted by mainstream economists since the time of Adam Smith, my claim is that it lives on in popular conceptions of the costs and benefits of trade, and continues to inform (or misinform) contemporary debates. Citizens of countries that are presently running trade deficits tend to think that their compatriots are the net losers from trade, and that international trade should therefore be curtailed. By contrast, residents of surplus countries are avid free-traders. Figure 1 provides face validity for my claim by demonstrating a strong and approximately linear negative contemporaneous relationship between current-account surplus and protectionist sentiments, using data from the World Bank’s World Development Indicators, and from the 2013 and 2003 waves of the International Social Survey Programme (ISSP).

My argument is consonant with a strain of literature viewing individual preferences over free trade as a function of its perceived effects on aggregate outcomes (Mansfield and Mutz 2009, Hainmueller and Hiscox 2006, Lü, Scheve and Slaughter 2012, Mayda and Rodrik 2005, Margalit 2012). However, I am the first to examine the effect of the national current-account balance on individual preferences.

The argument proceeds as follows. First I will site the present study within the literature in international political economy on individual trade preferences. Next, I will briefly trace the trajectory of mercantilism and demonstrate how it has continued to influence policy debates despite its apparent eclipse by modern economic theory. Finally, I will present empirical results, from a cross-national observational study and from an original survey experiment, demonstrating that current-account deficits make people more protectionist.

Current Account Balance and Protectionism

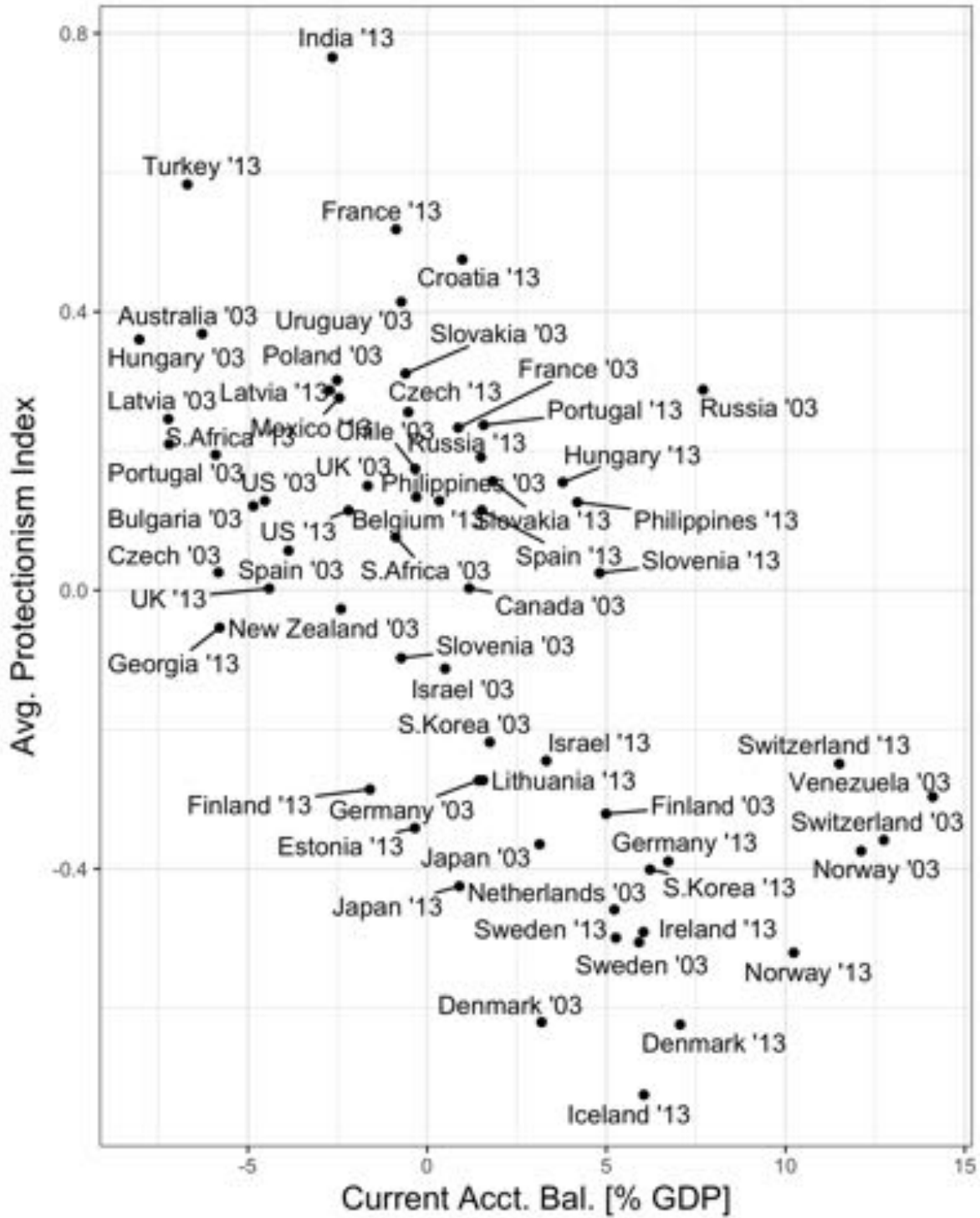


Figure 1: Differential treatment effect for respondents who agreed with each question in the treatment versus those who did not agree.

Literature

The starting point in understanding individual preferences over free trade are the classic economic models of its distributive consequences: Stolper-Samuelson and Ricardo-Viner. In the former, individuals who are endowed with a locally abundant factor of production tend to gain from trade, while individuals endowed with the scarce factor tend to lose out. In the latter, which is also called the specific-factors model, individuals employed in import-sensitive industries face decreased demand for their labor as trade is opened, while employees in exporting sectors enjoy higher demand². Taken together, these models form the theoretical basis for a body of literature that places the locus of individual trade preferences within individual economic outcomes. Trade creates aggregate benefits but localized losses, and a person's support for trade is largely determined by whether she will be the one bearing the cost.

A number of studies have tested the individual-materialist basis for trade preferences, with mixed results. Scheve and Slaughter (2001a, b) find strong support, particularly for factor of production (Stolper-Samuelson) as a determinant of trade preferences. By contrast, Blonigen (2011) finds that the relationship between labor-market variables and support for free trade is fragile and dependent on the choice of specification. Guisinger (2017) finds that women and minorities tend to be skeptical of the benefits of trade, because they tend to be the “last hired, first fired” and therefore particularly likely to find themselves bearing the brunt of the concomitant labor market adjustments.

Other studies leverage local variation in the level of government support to mitigate the consequences of trade for workers in industries that have been discomfited by globalization, and found that more government support for disadvantaged workers tends to decrease opposition to free trade (Hays, Ehrlich, and Peinhardt 2005) and increase support for incumbents (Margalit 2011).

Another individual-materialist explanation is that economic self-interest works on the consumption rather than the production side. Baker (2005) finds that individuals' consumption profiles — whether they tend to consume more imports or import-competing goods whose

²A particularly clear explication of both models can be found in Rodrik (1995).

prices are reduced by trade, relative to export-competing goods whose prices are raised — is a primary determinant of trade preferences.

More recently, political economists have begun to examine how individual attitudes can be informed by the aggregate, rather than narrowly individual, outcomes of trade. According to Mansfield and Mutz (2009), “Citizens tend to process personal-level experiences and concerns in a fashion that compartmentalizes them from the political world. Collective-level information, on the other hand, is more easily linked to government policy.” By this logic, the key drivers of trade preferences are “perceptions of how the U.S. economy as a whole is affected by trade.” Likewise, Hainmueller and Hiscox (2006) find that exposure to the consensus among economists that trade creates aggregate welfare gains is a primary driver of preferences for free trade.

The aggregate outcome of interest might also be the status of particular groups within society, rather than that of the economy as a whole. Lü, Scheve and Slaughter (2012) argue that aversion to economic inequality (Fehr and Schmidt 1999, 2006) leads people to support protection for workers in lower-wage sectors.

Finally, the aggregate outcomes of interest might be motivated by totally non-pecuniary factors such as “values, identities, and attachments” (Mayda and Rodrik 2005), or more specifically by an affinity or aversion to the exposure to other cultures that many people associate with increased trade (Margalit 2012).

The present study is addressed to this strain of literature that argues that individual preferences over policies are driven by perceptions of how those policies affect aggregate economic outcomes of interest³. My point of departure, which is drawn from the literature addressed in this section, is that an individual’s preferences over free trade are informed by her perception of whether free trade is beneficial or detrimental to the economy as a whole. My original contribution is to show that this perception is driven by the national current account balance.

³This is related to a broader literature on the political economy of economic ideas. See, for example, Rodrik (2015)

Mercantilism Then and Now

Why should anyone care about current account deficits? According to the mainstream economic consensus, a current account deficit is not inherently bad: all it means is that a country is consuming more than its income. In order for payments to balance, a current account deficit is coupled with a capital account surplus, i.e. an inflow of capital into the country as foreigners buy domestic financial instruments.

While under the Bretton Woods system, persistent deficits could result in balance of payments crises that forced governments to undertake periodic episodes of contractionary austerity (such as in the UK's "stop-go" economy of the 1950s.) In the present system of floating exchange rates, however, the exchange rates adjust so as to maintain the balance of payments (Krugman, Obstfeld and Melitz, 2012; Oatley 2015).

Many economists argue that the US current account deficit is caused by structural factors. The growth potential, financial sophistication, and sheer size of the US economy make it an attractive place for foreigners to invest, facilitating capital inflows. Moreover, the dollar's status as the de facto global reserve currency increases demand for dollars and props the currency up, making American exports more expensive for foreigners and imports cheaper for Americans, which weighs on the current account balance.

The picture is further complicated by the internationalization of corporate supply chains. The majority of US imports are inputs rather than finished goods, and are turned into exports. Any effort to restrict imports would weigh on exporters who rely on imported raw materials and imported inputs, making the effect on the trade balance ambiguous and

Mercantilism holds that the purpose of a current account surplus is threefold. First, by increasing the domestic money supply, it reduces the domestic interest rate, and thereby facilitates capital investments. Second, the accumulation of reserves could be used to “carry on foreign wars, and to maintain fleets and armies in distant countries” (Smith 1776), or in other words to augment the nation’s military status relative to other powers. Third, excessive imports were blamed for low demand for domestic products and resulting unemployment, as evinced by a tract dating to the 1530’s:

“By reason of great abundance of strange merchandises and wares brought yearly into England hath not only caused scarcity of money, but hath destroyed all handicrafts, whereby great number of common people should have works to get money to pay for their meat and drink, which of very necessity must live idly and beg and steal.”
(Heckscher 1935)

Mercantilistic policies were the order of the day among the European powers roughly from the 16th century, when the exploitation of colonial resources made international trade a more salient dimension of interstate rivalry, until the early 19th century, when laissez-faire policies came into practice (LaHaye 2008). However, mercantilist influence remained in effect even in liberal Great Britain, as evidenced by the steep tariffs on imported grain instantiated by the Corn Laws from 1815-1846.

Mercantilistic considerations also in the nascent United States. Alexander Hamilton, in his influential 1791 tract “Report on Manufactures,” advocated tariffs on manufactured goods to protect infant industries in the United States. As demonstrated by the examples cited earlier of Trump and Gephardt, politicians from very different parts of the political spectrum continue to draw on mercantilist ideas in contemporary political discourse.

How are we to understand the persistence of mercantilist thought in the popular imagination? As Eli Heckscher (namesake of Heckscher-Ohlin trade theory, the basis for the Stolper-Samuelson model) explains, the belief that imports suppress domestic economic activity is “obvious” (even if perhaps wrong), and is a natural position for the “person in the street”:

“If, then, the underlying attitude towards money and the material from which money was created did not alter in the period between the Crusades and the 18th century, it follows that we are dealing with deep-rooted notions. Perhaps the same notions have

persisted even beyond the 500 years included in that period, even though not nearly to the same degree as the ‘fear of goods’. With the exception of the period of laissez-faire, no age has been free from these ideas. It was only the unique intellectual tenacity of laissez-faire that for a time overcame the beliefs of the ‘natural man’ on this point.

It required the unqualified faith of doctrinaire laissez-faire to wipe out the ‘fear of goods’ . . . [which] is the most natural attitude of the ‘natural man’ in a money economy. Free Trade denied the existence of factors which appeared to be obvious, and was doomed to be discredited in the eyes of the man in the street as soon as laissez-faire could no longer hold the minds of men enchained in its ideology.” (Heckscher 1935)

Theory

Despite the mainstream economic consensus that the current account balance is not of primary importance, politicians talk as if deficits matter, and voters respond. Many people’s views are informed by a mental heuristic of international trade that is based on the centuries-old intellectual tradition of mercantilism. If this is the case, we expect to find empirical support for the following two hypotheses.

Hypothesis 1. Individuals who reside in countries that are running current-account surpluses tend to be more supportive of free trade than individuals who reside in countries that are running current-account deficits.

Hypothesis 1, by itself, is observationally equivalent with the existence of country-level fixed effects that happen to be correlated with the current account balance. To confirm that crypto-mercantilist worldviews are driving the effect, we would like to see that, within a single country, individuals who are made aware or reminded of that country’s current account balance then change their views on trade in the manner predicted by the theory.

Hypothesis 2. Individuals who are living in a country that is running a current-account deficit tend to become more protectionist when that deficit is brought to their attention.

We have seen how mercantilism’s concern regarding the current account balance is based on its effects on employment and on the status of the nation relative to other powers⁴. These

⁴I expect that the effect on interest rates is not a primary driver of individual attitudes

two effects are written as Hypotheses 3a and 3b respectively. If the perceived effect of current account balance on domestic employment is paramount, then the relationship between the current account balance and trade preferences should be strongest among individuals who believe that deficits contribute to unemployment. Conversely, if the relationship between balances and preferences operates through the former's effect on national status, then the effect of current account surpluses and deficits should be strongest among individuals who are especially patriotic.

Hypothesis 3a. The effect of the current account balance on individual trade preferences is stronger among individuals who believe that the current account balance affects employment prospects than among individuals who do not.

Hypothesis 3b. The effect of the current account balance on individual trade preferences is stronger among individuals who believe that the current account balance affects national status than among individuals who do not; and is stronger among more patriotic individuals.

I expect to find evidence for *either*, and not necessarily both, of Hypotheses 3a and 3b.

Empirical Strategy

I test these hypotheses using two datasets. The first is from the 2013 and 2003 waves of the International Social Survey Programme (ISSP), a cross-national survey, merged with national macroeconomic data from the World Bank's World Development Indicators (WDI). The second is an original survey experiment conducted on a convenience sample recruited through Amazon's Mechanical Turk (MTurk), a marketplace matching workers to online tasks.

ISSP Data

The ISSP is a cross-national survey comprising a number of modules; one module is run in a given wave of the survey. The 2013 and 2003 ISSP survey waves were chosen for this

study because they include questions on trade preferences. Table 1 shows the number of respondents from each country for both waves.

For all regressions, the survey observations from each country are weighted by the country’s population at the time of the survey wave⁵, divided by the number of responses from that country that are present in the data. This is done because the ISSP over-samples small countries; for example, Iceland and India both have roughly the same number of respondents on the ISSP. The responses are additionally weighted by the within-country demographic weights included in the ISSP dataset.

The three questions used to measure protectionist preferences are as follows: “[Country] should limit the import of foreign products in order to protect its national economy” and “Large international companies are doing more and more damage to local businesses in [Country]”. The responses to each question are on a five-point scale from “Agree strongly” to “Disagree strongly”. I map these responses to an integer scale from 2 to -2. Responses of “Can’t choose” or “No answer” are mapped to NA. I also create a “protectionism index” by scaling and adding the responses to both questions. The distributions of the answers to both protectionism questions, and of the resulting index, are shown in the Appendix.

World Bank Data

The macro-level economic data is taken from the World Bank’s WDI, and merged with the ISSP survey data. I use current account balance as percentage of GDP; positive values indicate a surplus.⁶ GDP per capita is expressed in contemporary US dollars, without adjusting for purchasing-power parity.⁷ Tariff rates are the applied rates over all products, weighted by the share of imports from each partner country⁸. The macro-level indicators that I use are contemporaneous with the survey data, i.e. the survey responses from the 2013 ISSP wave are paired with macro data from 2013, and likewise for 2003.⁹ The macrodata is

⁵This data is the series SP.POP.TOTL from the WDI.

⁶This data is the series BN.CAB.XOKA.GD.ZS from the WDI.

⁷This data is the series NY.GDP.PCAP.CD from the WDI.

⁸This data is the series TM.TAX.MRCH.WM.AR.ZS from the WDI.

⁹It might be worthwhile to use instead an n-year running average of the macrodata, in case the impact of macroeconomic trends takes a few years to register in popular opinion.

Table 1: Respondent countries from ISSQ

Country	2003	2013	Total
Australia	2183	0	2183
Austria	1006	0	1006
Belgium	0	2202	2202
Bulgaria	1069	0	1069
Canada	1211	0	1211
Chile	1505	0	1505
Croatia	0	1000	1000
Czech Republic	1276	1909	3185
Denmark	1322	1325	2647
Estonia	0	1009	1009
Finland	1379	1243	2622
France	1669	2017	3686
Georgia	0	1498	1498
Germany	1287	1717	3004
Hungary	1021	1007	2028
Iceland	0	1082	1082
India	0	1530	1530
Ireland	1065	1215	2280
Israel	1218	1204	2422
Japan	1102	1234	2336
Korea, Rep.	1315	1294	2609
Latvia	1000	1000	2000
Lithuania	0	1194	1194
Mexico	0	1062	1062
Netherlands	1823	0	1823
New Zealand	1036	0	1036
Norway	1469	1585	3054
Philippines	1200	1200	2400
Poland	1277	0	1277
Portugal	1602	1001	2603
Russian Federation	2383	1516	3899
Slovak Republic	1152	1156	2308
Slovenia	1093	1010	2103
South Africa	2483	2739	5222
Spain	1212	1225	2437
Sweden	1186	1090	2276
Switzerland	1037	1237	2274
Turkey	0	1666	1666
United Kingdom	873	904	1777
United States	1216	1274	2490
Uruguay	1108	0	1108
Venezuela, RB	1199	0	1199
Total	43977	43345	87322

shown in the Appendix.

The basic relationship between current account balance and protectionism can be seen in Figures 2 and 3, which show world maps with countries colored according to their current-account balance and average protectionism indices, respectively.

Empirical strategy for ISSP-WDI data

I test Hypotheses 1 and 3b using the ISSP-WDI data, using ordinary least squares (OLS) regression with cluster-robust standard errors at the country level. The unit of analysis is the individual. To test Hypothesis 1, I regress protectionism on the current-account balance of a respondent's nation of residence, with and without a battery of controls. Hypothesis 1 predicts that the coefficient on current-account balance should be negative, i.e. that respondents in surplus countries (positive balance) should be less protectionist than those in deficit countries (negative balance).

To test Hypothesis 3b, I include an interaction term between current-account balance and patriotism.¹⁰ According to Hypothesis 3b, the sign of the interaction term should be negative, i.e. the relationship between current-account balance and trade preferences should be stronger (more negative) among patriots.

MTurk Data

Separately, I conducted an original survey experiment on MTurk. The survey was taken by 546 unique respondents during the period September 1-22, 2017. Only respondents with IP addresses originating in the United States were allowed. The survey contained a priming experiment in which treated subjects were primed with a vignette and three questions

¹⁰The ISSP '13 and '03 include a number of questions related to various dimensions of patriotism. The results I present here relate to “national chauvinism”, i.e. “The world would be a better place if people from other countries were more like the [nationality]”, and “Generally speaking, [country] is a better country than most other countries”. I have also run similar specifications using other dimensions of patriotism, such as national identity and critical and uncritical patriotism (Huddy and Khatib 2007), with similar results.

intended to remind them of the American current account deficit, while control subjects instead received a short battery of innocuous questions regarding their media consumption habits. The balance table for the treatment and control groups is shown as Table 2.

The treatment was as follows. Treated subjects were shown the following text: “Last year alone, the United States ran a trade deficit of more than \$500 billion (\$500,000,000,000). That is more than \$1,500 for every man, woman, and child in the US. With that in mind, please answer the following questions.” Treated (and not control) subjects were then asked the following questions to complete the prime: “Please tell us if you agree with the following statements. The American trade deficit has increased over the last 20 years. The American trade deficit is bad for American industry. The American trade deficit makes it harder for Americans to find good jobs. The American trade deficit makes our country weaker on the world stage.”

Table 2: Balance Table for Survey Experiment

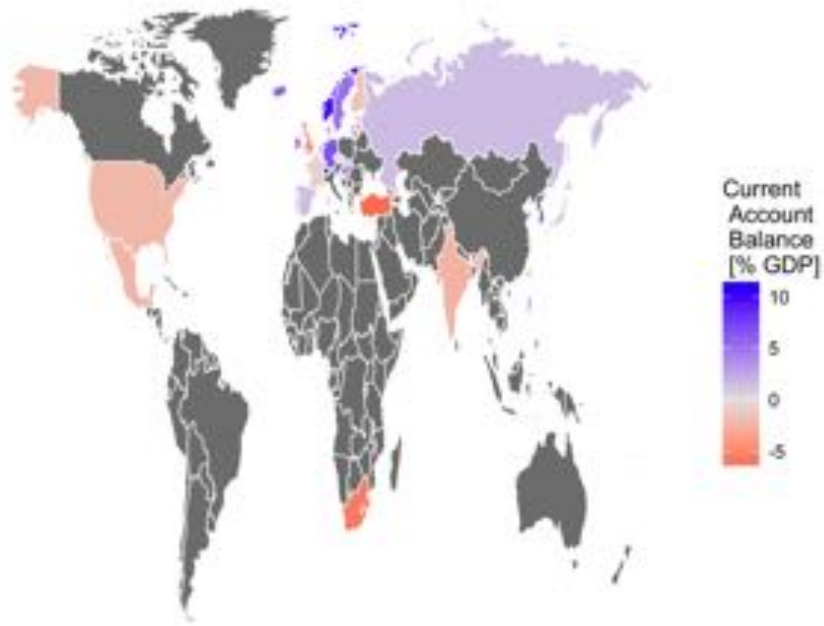
	Treated	Control	p
Income [k]	57.56	52.99	0.16
Private Employer	0.73	0.70	0.62
Employed	0.73	0.73	0.96
Patriotism	0.07	-0.07	0.13
n	272	274	

All respondents were then asked two questions to assess their preferences for free trade, borrowed from Mansfield and Mutz (2009) and Margalit (2012) respectively: first, “As you may know, international trade has increased substantially in recent years. This increase is due to the lowering of trade barriers between countries, that is, tariffs or taxes that make it more expensive to buy and sell things across international borders. Do you think government should try to encourage international trade or to discourage international trade?” and second, “Do you think that growing trade and business ties of the United States with other countries have made the average American better or worse off?”

Empirical strategy for MTurk data

I use the MTurk data to test Hypotheses 2 and 3. According to Hypothesis 2, the treatment effect should be positive: people who are reminded of the trade deficit and asked to consider its effects on the aggregate economy and national status should become more protectionist. According to Hypothesis 3a, the treatment effect should be concentrated among individuals who answer in the affirmative to the question “The American trade deficit makes it harder for Americans to find good jobs,” because these are the people who think that the current-account deficit negatively affects the employment prospects of their compatriots. According to Hypothesis 3b, the treatment effect should be stronger for more patriotic respondents, and the effect should be concentrated among those who answer in the affirmative to the question “The American trade deficit makes our country weaker on the world stage.”

Current Account Balance: 2013 ISSP countries



Current Account Balance: 2003 ISSP countries

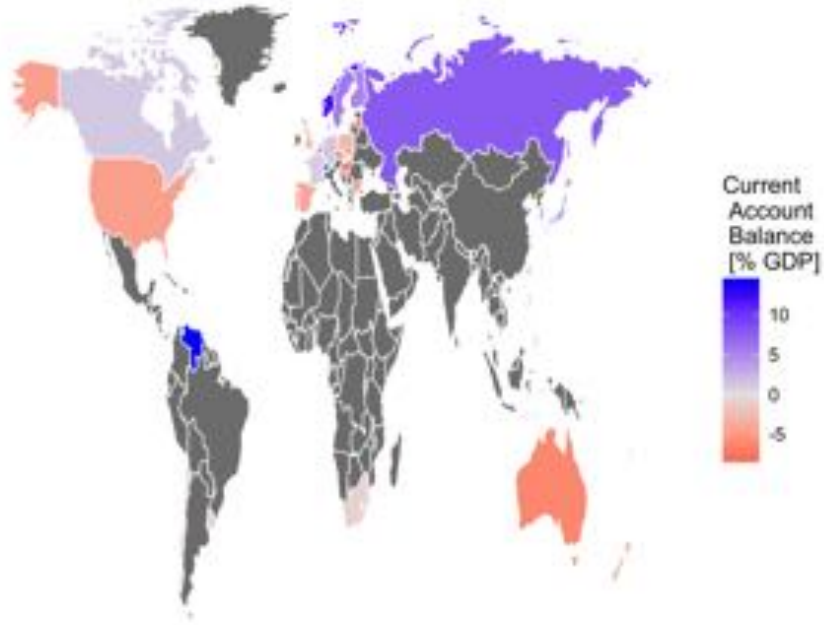
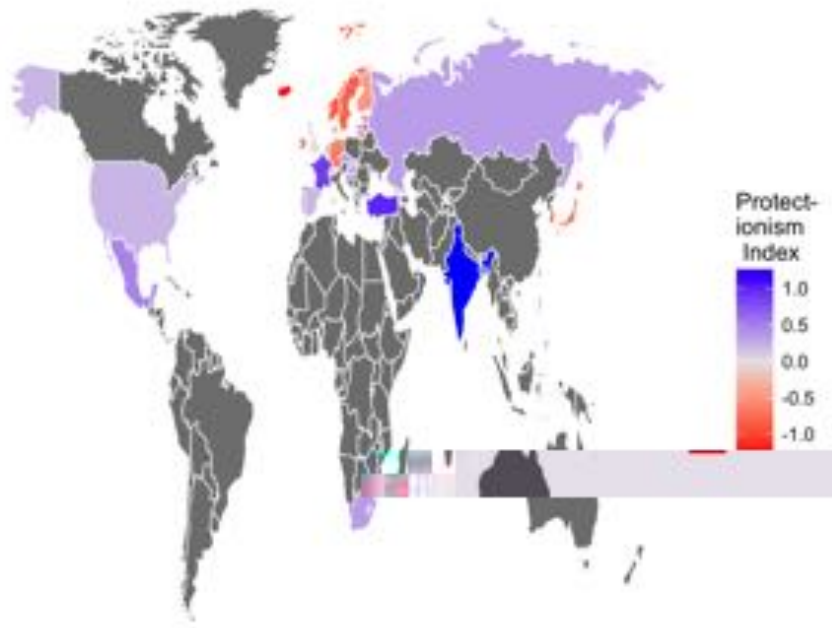


Figure 2: Current account balances for countries appearing in the two ISSP survey waves.

Protectionism: 2013 ISSP countries



Protectionism: 2003 ISSP countries

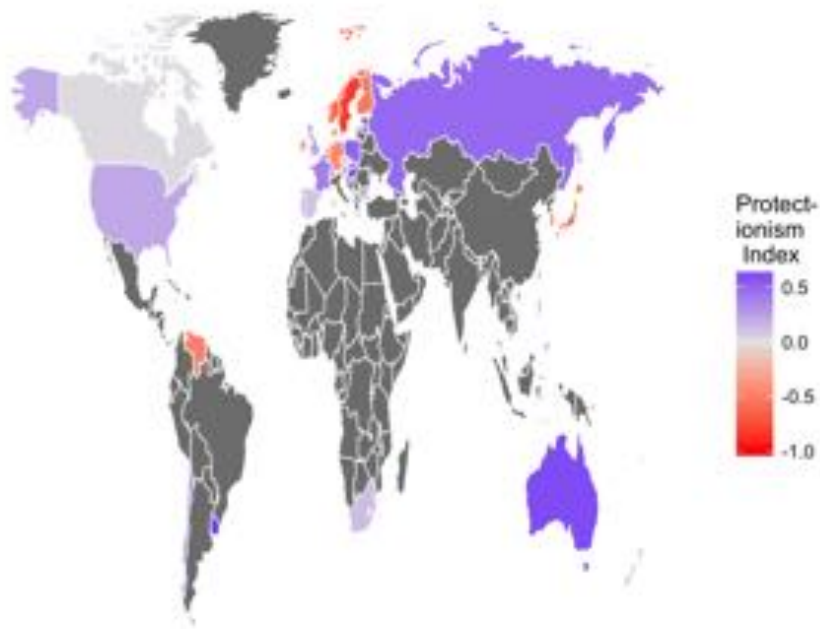


Figure 3: Countries' average protectionism scores from the two ISSP survey waves.

Results

Table 3 shows the relationship between current account balance and protectionist preferences from the ISSP-WDI dataset, based on OLS regressions with cluster-robust standard errors at the country level. Column 1 shows the bivariate relationship, while Column 2 incorporates several controls. The coefficient on current account balance is negative and significant, indicating that individuals in surplus (deficit) countries tend to be less (more) protectionist. The metrics for protectionism and current-account balance are both scaled to have a standard deviation of 1, so the coefficients can be interpreted as suggesting that a 1-SD increase in current-account surplus tends to reduce protectionism by 0.2-0.3 SD's. This result provides support for Hypothesis 1, which states that residents of surplus countries should be less protectionist relative to residents of deficit countries.

Table 4 shows the results from the MTurk survey experiment. With or without the inclusion of controls, the treatment effect of being primed on the current-account balance is positive and significant for protectionism at the 10% level. With p-values of 0.053 and 0.052 respectively, the two specifications come close to statistical significance at the 5% level. Because the dependent variable is scaled to have an SD of 1, the treatment coefficient indicates that the treatment causes a 0.3-SD increase in protectionism. I interpret this finding as providing *provisional* support for Hypothesis 2, which states that residents of a current-account-deficit country should become more hostile to trade when they are reminded of that country's current-account deficit. Because of the marginal level of statistical significance and the fact that the results were obtained using a convenience sample, it would increase my confidence in this result if it were to be replicated with a larger and more representative sample.

Taken together, the results in favor of Hypotheses 1 and 2 provide substantial support for the notion that current account balance has a causal effect on protectionism, with surpluses increasing support for free trade and deficits increasing protectionism. To shed light on the *mechanism* through which the balance affects trade preferences, we return to Hypotheses 3a and 3b, the former stating that the effect works through concern about unemployment, the latter through patriotism and national status. Fig. 4 shows the effect of the treatment for individuals who agreed or mostly agreed with each of three statements in the treatment. It can be seen that there is a significant *difference* in treatment effect between individuals who agreed with the statement "The American trade deficit makes it harder for Americans

Table 3: Main results: Current Account Balance and Protectionism

	<i>Dependent variable:</i>	
	Protectionism Index [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.311** (0.122)	-0.215*** (0.042)
National Chauvinism [Scaled]		0.232*** (0.055)
Right Party Vote [Scaled]		-0.021 (0.024)
GDP/c [Scaled]		-0.143*** (0.046)
Female [Y/N]		0.080* (0.043)
Age [Yrs]		0.002** (0.001)
Education [Yrs]		-0.016** (0.008)
Union [Y/N]		0.053 (0.044)
Unemployed [Y/N]		0.130*** (0.041)
Private Employer [Y/N]		-0.038 (0.067)
Top-bottom Self-placement [1-10]		-0.008 (0.019)
Constant	0.168 (0.111)	0.154 (0.256)
Observations	75365	30019
<i>Note:</i>	* p<0.1; ** p<0.05; *** p<0.01	

Table 4: Experimental results: Trade Deficit and Protectionism

	<i>Dependent variable:</i>	
	Protectionism Index [Scaled]	
	(1)	(2)
Trade Deficit Treatment	0.30* (0.15)	0.30* (0.15)
Income [k]		-0.004* (0.002)
Working		0.10 (0.18)
Patriotism Index [Scaled]		0.12 (0.08)
Constant	-0.15 (0.11)	-0.02 (0.19)
Observations	546	546
R ²	0.01	0.02
Adjusted R ²	0.01	0.01
Residual Std. Error	1.81 (df = 544)	1.80 (df = 541)
F Statistic	3.77* (df = 1; 544)	2.26* (df = 4; 541)
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01	

to find good jobs,” relative to those who did *not* agree. For the other two questions, particularly for the question relating to the effect of deficits on national status, the difference in treatment effect between individuals who did and did not agree was not significant. This provides evidence in favor of Hypothesis 3a, in that the treatment effect is concentrated among individuals who agree that the deficit affects employment prospects.

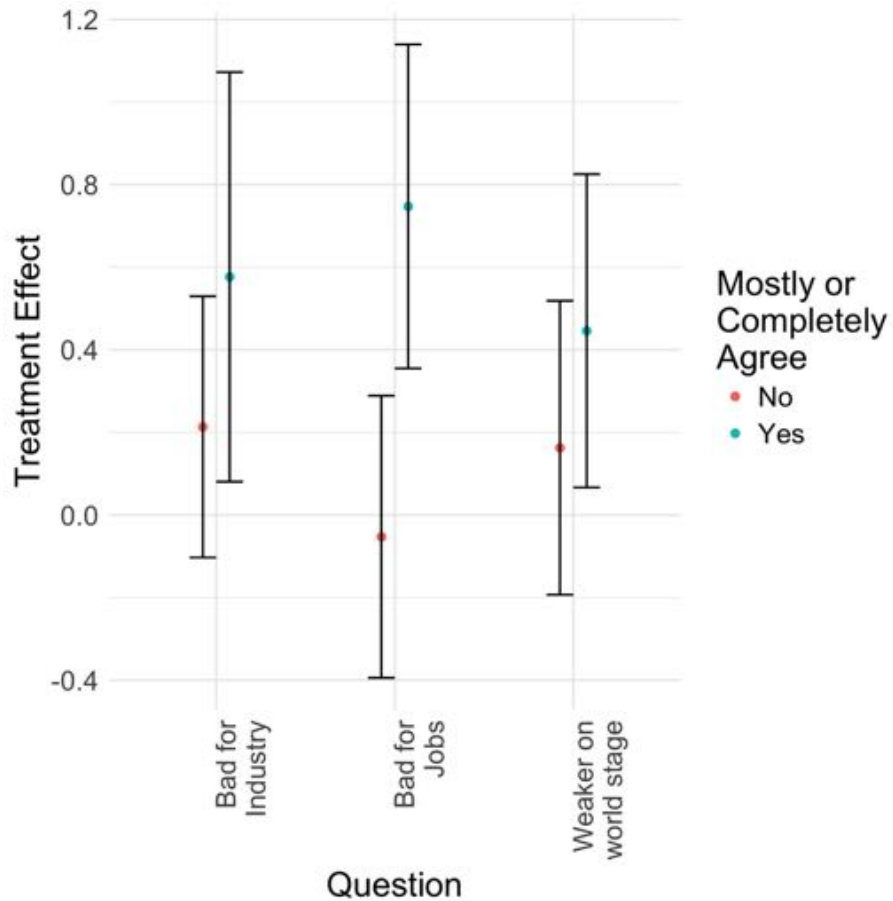


Figure 4: Differential treatment effect for respondents who agreed with each question in the treatment versus those who did not agree.

I test Hypothesis 3b, which holds that current account balance affects protectionism through the mechanism of national status, by including an interaction term between current account balance and individual patriotism. According to Hypothesis 3b, the interaction term should have a negative sign, indicating a stronger relationship between current account balance and trade preferences among more patriotic respondents. However, this investigation turned up a null result, as exemplified by the results presented in the Appendix. Similarly, in the survey experiment, the treatment effect did not significantly differ between respondents according

to their level of patriotism, as shown in the Appendix. Moreover, in Figure 4, it can be seen that the effect of the treatment in the survey experiment is not significantly different between respondents who believe that deficits affect national status than among those who do not. Taken together, these results do not provide support for Hypothesis 3b.

My results suggest that there is a causal relationship between current account balance and protectionist sentiments: residents of deficit countries tend to be more protectionist than those in surplus countries, and reminding people of the deficit heightens their protectionist sentiments. Moreover, I find evidence that this relationship is driven by a perception that deficits adversely affect prospects for employment, rather than by concern over national status.

Alternative Explanations and Robustness Checks

One alternative explanation is that it is the gross level of *imports*, rather than the current account balance, that is driving the effect. This is related to recent work by Autor et al (2014) showing that local exposure to (Chinese) imports is associated with poorer labor market outcomes. To check whether gross imports are driving my results, I run my main specification with gross imports¹¹ of goods and services, as a percent of GDP, in place of current-account balance. As shown in the Appendix, this relationship is actually *negative* when controls are included. This indicates that gross imports (which enter negatively into the current account balance) are not driving my result.

Another framework for understanding trade preferences is “embedded liberalization,” the idea that free-trading states expand social safety nets to compensate individuals sectors of society who are adversely affected by trade liberalization (Hays, Ehrlich, and Peinhardt 2005). Yet another possibility is that current-account balance, at least in my sample frame, could be driven by resource rents: perhaps high (low) commodity prices are causing resource-exporting states to run surpluses (deficits) in my data. To deal with these possibilities, I include specifications in the Appendix in which government final consumption expenditures and resource rents¹² are included in the main specification. The relationship between current-account balance and protectionism is unchanged by the inclusion of these covariates, either together or separately.

Another concern relates to endogeneity. If policymakers are responsive to public opinion, then trade policy, and hence the current account balance, might be endogenous to protectionist sentiments. To deal with this concern, I will first point out that this effect should produce the opposite of my intended result. If protectionist sentiments result in policy that drives the current-account balance toward surplus, then countries with more protectionist opinions should evince more positive current-account balances.¹³ The opposite is the case. Second, in the Appendix, I show that countries whose citizens are more protectionist on the ISSP do not have higher tariffs; if anything, their tariffs are lower. This indicates that

¹¹The World Bank data series is NE.IMP.GNFS.ZS.

¹²The World Bank data series are NE.CON.GOV.T.ZS and NY.GDP.TOTL.RT.ZS respectively.

¹³It could be the case that these protectionist policies backfire and turn the balance toward deficit. However, if this were driving the result, we would expect to see differences among tariffs among more- and less-protectionist countries, and we do not.

endogeneity between preferences and policies is not driving the result¹⁴.

My main results use an index comprising two protectionism questions as the dependent variable. As a robustness check, I also run my main specification using each of the questions on its own as the DV. As seen in the Appendix, the coefficient on current-account balance keeps its sign and remains significant when these individual questions are used as the DV. This is also shown in the Appendix for the experimental results.

Moreover, while my main result pools data from 2013 and 2003, I also ran the same specification on the observations from 2013 and 2003 separately. As shown in the Appendix, the coefficient on current-account balance keeps its sign and remains significant for both years when analyzed separately.

Furthermore, my main result uses two separate weights. The “ISSP weights” are the demographic weights included in the ISSP survey data, which are intended to make the aggregate data representative at the national level. The “national weights,” meanwhile, are proportional to the population of the respondent’s country, divided by the number of respondents from that country who are present in the ISSP data for that year. These weights are intended to avoid over-weighting observations from small countries, who are over-represented in the ISSP data. As shown in the Appendix, I have also run the main specification while omitting the ISSP weights, the country weights, and both sets of weights. The sign on current-account balance keeps its sign and remains significant.

¹⁴I focused on tariffs rather than non-tariff barriers because the latter present challenges to measurement. However, again, if protectionism were driving current-account balances through NTB’s, we would expect the coefficient of current account balance to have the *opposite* sign to what I find.

Conclusion

I have demonstrated a strong empirical relationship between current-account deficits and protectionism, and made the case that this relationship is causal, and operates through the channel of concern about national employment prospects. By definition, this concern is mercantilistic, because mercantilism is the belief that deficits are detrimental because they damage employment prospects and/or national status. What I have not done is to explicate *how* mercantilistic beliefs intercalate themselves into popular heuristics about the effects of trade. In future research, I would like to track how elite and popular discourse (politician statements, media reports, Twitter) tracks or fails to track changes in the current account balance; and to what extent mercantilistic beliefs are expunged by exposure to neoclassical and neoliberal economic doctrines through higher education or the media.

Moreover, all of my empirics focus on the *contemporaneous* current-account balance. However, I expect that popular awareness more fully reflects some longer-term moving average. It might be a worthwhile exercise to run my specifications using moving averages or some other long-term aggregate of the current account balance.

Finally, the present study considers the effects of current account deficits directly on individual attitudes, without considering effects through any intermediate macroeconomic variables such as employment, wages, returns to education, or relative sectoral performance. This is largely because mainstream economic theory discounts the importance of the current account balance for these outcomes, focusing instead on the volume of trade and on gross imports and exports. Given the relationship I find between current account balance and attitudes, perhaps the effects on these macroeconomic outcomes should be reconsidered.

Appendix: ISSP-WDI Observational Data

Table 5: Macroeconomic data

Country	2003				2013			
	GPDc	CAB	POP	TARIFF	GPDc	CAB	POP	TARIFF
Australia	23,465	-6.28	19.90	3.73				
Austria	32,103		8.12	1.66	46,510	-0.30	11.18	1.04
Belgium								
Bulgaria	2,710	-4.85	7.78	1.66				
Canada	28,172	1.17	31.68	1.54				
Chile	4,788	-0.34	15.80	5.77				
Croatia					13,575	0.98	4.26	1.30
Czech Republic	9,741	-5.83	10.19	1.66	19,916	-0.53	10.51	1.04
Denmark	40,459	3.19	5.39	1.66	61,191	7.06	5.61	1.04
Estonia					19,030	-0.34	1.32	1.04
Finland	32,816	4.99	5.21	1.66	49,638	-1.60	5.44	1.04
France	29,691	0.86	62.24	1.66	42,554	-0.87	66	1.04
Georgia					4,274	-5.79	3.78	0.66
Germany	30,360	1.44	82.53	1.66	46,531	6.73	80.65	1.04
Hungary	8,396	-8.03	10.13	1.66	13,614	3.78	9.89	1.04
Iceland					47,810	6.05	0.32	1.06
India					1,452	-2.65	1,278.56	6.30

Table 6: Macroeconomic data(2)

Country	2003				2013			
	GPDc	CAB	POP	TARIFF	GPDc	CAB	POP	TARIFF
Ireland	41,107		4	1.66	52,035	6.03	4.60	1.04
Israel	18,947	0.50	6.69	2.72	36,394	3.32	8.06	0.92
Japan	34,808	3.14	127.72	2.11	40,454	0.90	127.44	1.18
Korea, Rep.	14,209	1.75	47.89	8.13	25,890	6.22	50.43	6.90
Latvia	5,135	-7.22	2.29	1.66	15,032	-2.72	2.01	1.04
Lithuania					15,713	1.56	2.96	1.04
Mexico					10,299	-2.45	122.54	4.87
Netherlands	35,245	5.22	16.23	1.66				
New Zealand	21,914	-2.41	4.03	2.95				
Norway	50,112	12.11	4.56	0.41	102,910	10.22	5.08	1.09
Philippines	1,011	0.34	83.03	2.44	2,760	4.19	98.48	2.15
Poland	5,694	-2.52	38.20	1.66				
Portugal	15,773	-7.20	10.46	1.66	21,619	1.57	10.46	1.04
Russian Federation	2,975	7.70	144.65		15,544	1.50	143.51	6.25
Slovak Republic	8,697	-0.60	5.37	1.66	18,192	1.83	5.41	1.04
Slovenia	14,880	-0.73	2	1.66	23,150	4.81	2.06	1.04
South Africa	3,776	-0.88	46.42	4.53	6,877	-5.90	53.31	4.01
Spain	21,496	-3.87	42.19	1.66	29,210	1.52	46.62	1.04
Sweden	36,961	5.91	8.96	1.66	60,283	5.26	9.60	1.04
Switzerland	47,961	12.74	7.34	0	84,659	11.50	8.09	0
Turkey					12,543	-6.69	75.79	2.78
United Kingdom	34,008	-1.66	59.65	1.66	42,407	-4.41	64.13	1.04
United States	39,677	-4.53	290.11	1.80	52,787	-2.20	316.20	1.62
Uruguay	3,622	-0.72	3.33					
Venezuela, RB	3,233	14.11	25.87	12.75				

Table 7: Imports and Protectionism

	<i>Dependent variable:</i>	
	Protectionism Index [Scaled]	
	(1)	(2)
Imports [Scaled]	-0.039 (0.104)	-0.115** (0.052)
National Chauvinism [Scaled]		0.238*** (0.057)
Right Party Vote [Scaled]		-0.009 (0.023)
GDP/c [Scaled]		-0.192*** (0.051)
Female [Y/N]		0.082* (0.044)
Age [Yrs]		0.001* (0.001)
Education [Yrs]		-0.017** (0.007)
Union [Y/N]		-0.001 (0.052)
Unemployed [Y/N]		0.148*** (0.037)
Private Employer [Y/N]		-0.031 (0.066)
Top-bottom Self-placement [1-10]		-0.002 (0.018)
Constant	0.261* (0.155)	0.135 (0.252)
Observations	77251	30925
<i>Note:</i>	* p<0.1; ** p<0.05; *** p<0.01	

Table 8: Alternate dependent variable: Limit Imports

	<i>Dependent variable:</i>	
	Limit Imports [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.283** (0.123)	-0.215*** (0.042)
National Chauvinism [Scaled]		0.232*** (0.055)
Right Party Vote [Scaled]		-0.021 (0.024)
GDP/c [Scaled]		-0.143*** (0.046)
Female [Y/N]		0.080* (0.043)
Age [Yrs]		0.002** (0.001)
Education [Yrs]		-0.016** (0.008)
Union [Y/N]		0.053 (0.044)
Unemployed [Y/N]		0.130*** (0.041)
Private Employer [Y/N]		-0.038 (0.067)
Top-bottom Self-placement [1-10]		-0.008 (0.019)
Constant	0.175 (0.113)	0.154 (0.256)
Observations	80749	30019
<i>Note:</i>	* p<0.1; ** p<0.05; *** p<0.01	

Table 9: Alternate dependent variable: Hurts local businesses

	<i>Dependent variable:</i>	
	Int'l Co's Hurt (1)	Local Bus. [Scaled] (2)
Current acct. balance [Scaled]	-0.221*** (0.083)	-0.215*** (0.042)
National Chauvinism [Scaled]		0.232*** (0.055)
Right Party Vote [Scaled]		-0.021 (0.024)
GDP/c [Scaled]		-0.143*** (0.046)
Female [Y/N]		0.080* (0.043)
Age [Yrs]		0.002** (0.001)
Education [Yrs]		-0.016** (0.008)
Union [Y/N]		0.053 (0.044)
Unemployed [Y/N]		0.130*** (0.041)
Private Employer [Y/N]		-0.038 (0.067)
Top-bottom Self-placement [1-10]		-0.008 (0.019)
Constant	0.096 (0.075)	0.154 (0.256)
Observations	77290	30019

Note:

* p<0.1; ** p<0.05; *** p<0.01

Table 10: Robustness check: Omit ISSP weights

	<i>Dependent variable:</i>	
	Protectionism Index [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.311*** (0.119)	-0.227*** (0.041)
National Chauvinism [Scaled]		0.226*** (0.048)
Right Party Vote [Scaled]		-0.010 (0.030)
GDP/c [Scaled]		-0.151*** (0.052)
Female [Y/N]		0.096*** (0.028)
Age [Yrs]		0.002*** (0.001)
Education [Yrs]		-0.020*** (0.008)
Union [Y/N]		0.027 (0.041)
Unemployed [Y/N]		0.125*** (0.032)
Private Employer [Y/N]		-0.078** (0.040)
Top-bottom Self-placement [1-10]		-0.003 (0.016)
Constant	0.165 (0.109)	0.199 (0.194)
Observations	75365	30019
<i>Note:</i>	* p<0.1; ** p<0.05; *** p<0.01	

Table 11: Robustness check: Omit country weights

	<i>Dependent variable:</i>	
	Protectionism Index [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.212*** (0.034)	-0.173*** (0.048)
National Chauvinism [Scaled]		0.181*** (0.024)
Right Party Vote [Scaled]		-0.038* (0.021)
GDP/c [Scaled]		-0.054 (0.047)
Female [Y/N]		0.145*** (0.020)
Age [Yrs]		0.002** (0.001)
Education [Yrs]		-0.032*** (0.004)
Union [Y/N]		-0.0004 (0.044)
Unemployed [Y/N]		0.100 (0.063)
Private Employer [Y/N]		-0.075*** (0.020)
Top-bottom Self-placement [1-10]		-0.058*** (0.013)
Constant	0.001 (0.041)	0.588*** (0.125)
Observations	75365	30019
<i>Note:</i>	* p<0.1; ** p<0.05; *** p<0.01	

Table 12: Robustness check: Omit all weights

	<i>Dependent variable:</i>	
	Protectionism Index [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.213*** (0.034)	-0.172*** (0.048)
National Chauvinism [Scaled]		0.181*** (0.023)
Right Party Vote [Scaled]		-0.038* (0.019)
GDP/c [Scaled]		-0.056 (0.046)
Female [Y/N]		0.137*** (0.022)
Age [Yrs]		0.002*** (0.001)
Education [Yrs]		-0.030*** (0.004)
Union [Y/N]		-0.008 (0.044)
Unemployed [Y/N]		0.111** (0.054)
Private Employer [Y/N]		-0.074*** (0.018)
Top-bottom Self-placement [1-10]		-0.056*** (0.012)
Constant	0.002 (0.040)	0.525*** (0.107)
Observations	75365	30019
<i>Note:</i>	* p<0.1; ** p<0.05; *** p<0.01	

Table 13: Main results (2013 only): CAB and Protectionism

	<i>Dependent variable:</i>	
	Protectionism Index [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.410*** (0.110)	-0.255*** (0.046)
National Chauvinism [Scaled]		0.231*** (0.075)
Right Party Vote [Scaled]		-0.013 (0.025)
GDP/c [Scaled]		-0.117*** (0.037)
Female [Y/N]		0.033 (0.038)
Age [Yrs]		0.001 (0.001)
Education [Yrs]		-0.011* (0.007)
Union [Y/N]		0.047 (0.064)
Unemployed [Y/N]		0.121** (0.058)
Private Employer [Y/N]		0.024 (0.079)
Top-bottom Self-placement [1-10]		0.005 (0.021)
Constant	0.188* (0.102)	0.044 (0.315)
Observations	38595	16935
<i>Note:</i>	* p<0.1; ** p<0.05; *** p<0.01	

Table 14: Main results (2003 only): CAB and Protectionism

	<i>Dependent variable:</i>	
	Protectionism Index [Scaled]	
	(1)	(2)
Current acct. balance [Scaled]	-0.085 (0.085)	-0.175*** (0.050)
National Chauvinism [Scaled]		0.226*** (0.027)
Right Party Vote [Scaled]		-0.062*** (0.021)
GDP/c [Scaled]		-0.111*** (0.038)
Female [Y/N]		0.195*** (0.025)
Age [Yrs]		0.003*** (0.001)
Education [Yrs]		-0.029*** (0.006)
Union [Y/N]		0.096 (0.059)
Unemployed [Y/N]		0.155*** (0.039)
Private Employer [Y/N]		-0.145*** (0.034)
Top-bottom Self-placement [1-10]		-0.036** (0.015)
Constant	0.027 (0.069)	0.376*** (0.113)
Observations	36770	13084
<i>Note:</i>	* p<0.1; ** p<0.05; *** p<0.01	

Table 15: Protectionism and Tariffs

	<i>Dependent variable:</i>		
	Tariffs [weighted mean applied rate]		
	(1)	(2)	(3)
Avg. Protection Index	0.482 (0.494)	-1.211** (0.560)	-0.408 (0.635)
GDP/c [USD x1E3]		-0.058*** (0.014)	-0.067*** (0.014)
Population [x1E6]		0.004*** (0.002)	0.004** (0.001)
Cur. acct. bal. [pct. GDP]			0.157** (0.062)
Constant	2.207*** (0.271)	3.492*** (0.447)	3.635*** (0.439)
Observations	63	63	61
R ²	0.015	0.284	0.356
Adjusted R ²	-0.001	0.248	0.310
Residual Std. Error	2.142 (df = 61)	1.857 (df = 59)	1.807 (df = 56)
F Statistic	0.951 (df = 1; 61)	7.798*** (df = 3; 59)	7.727*** (df = 4; 56)

Note:

*p<0.1; **p<0.05; ***p<0.01

Table 16: Patriotism and Tariffs

	<i>Dependent variable:</i>		
	Protectionism Index [Scaled]		
	(1)	(2)	(3)
Current acct. balance [Scaled]	-0.246*** (0.050)	-0.215*** (0.043)	-0.259*** (0.041)
National ID [Scaled]	0.022 (0.018)		
National Chauvinism [Scaled]		0.102*** (0.020)	
Critical Patriotism [Scaled]			0.104*** (0.019)
Right Party Vote [Scaled]	-0.006 (0.029)	-0.021 (0.024)	0.027 (0.033)
GDP/c [Scaled]	-0.194*** (0.071)	-0.143*** (0.045)	-0.179** (0.075)
Female [Y/N]	0.061 (0.059)	0.080** (0.040)	0.083* (0.046)
Age [Yrs]	0.003** (0.001)	0.002** (0.001)	0.003*** (0.001)
Education [Yrs]	-0.021** (0.009)	-0.016** (0.008)	-0.017 (0.015)
Union [Y/N]	0.054 (0.046)	0.053 (0.044)	0.032 (0.041)
Unemployed [Y/N]	0.092 (0.057)	0.130*** (0.041)	0.086 (0.053)
Private Employer [Y/N]	-0.024 (0.076)	-0.038 (0.066)	-0.025 (0.068)
Top-bottom Self-placement [1-10]	-0.009 (0.016)	-0.008 (0.018)	-0.005 (0.015)
CAB*Nat.ID.	0.001 (0.019)		
CAB*Chauv.		-0.0003 (0.022)	
CAB*Crit.Pat.			0.003 (0.025)
Constant	0.220 (0.227)	0.153 (0.263)	0.128 (0.295)
Observations	30666	30019	30951

Note:

* p<0.1; ** p<0.05; *** p<0.01

Table 17: Main results with Added Controls

	<i>Dependent variable:</i>		
	Protectionism Index [Scaled]		
	(1)	(2)	(3)
Current acct. balance [Scaled]	-0.231*** (0.035)	-0.207*** (0.048)	-0.221*** (0.039)
National Chauvinism [Scaled]	0.227*** (0.056)	0.229*** (0.055)	0.222*** (0.055)
Right Party Vote [Scaled]	-0.016 (0.021)	-0.022 (0.025)	-0.017 (0.021)
GDP/c [Scaled]	-0.107*** (0.040)	-0.126*** (0.049)	-0.081* (0.047)
Female [Y/N]	0.075* (0.041)	0.079* (0.043)	0.073* (0.041)
Age [Yrs]	0.002** (0.001)	0.002** (0.001)	0.002* (0.001)
Education [Yrs]	-0.017** (0.008)	-0.016** (0.008)	-0.017** (0.008)
Union [Y/N]	0.035 (0.043)	0.074 (0.051)	0.062 (0.048)
Unemployed [Y/N]	0.131*** (0.045)	0.137*** (0.047)	0.141*** (0.051)
Private Employer [Y/N]	-0.016 (0.064)	-0.044 (0.068)	-0.022 (0.063)
Top-bottom Self-placement [1-10]	-0.006 (0.018)	-0.010 (0.019)	-0.009 (0.018)
Resource Rents [Pct. GDP]	0.018*** (0.006)		0.020** (0.008)
Gov. Consum. [Pct. GDP]		-0.008 (0.019)	-0.011 (0.020)
Constant	0.110 (0.260)	0.286 (0.362)	0.286 (0.355)
Observations	30019	30019	30019

Note:

* p<0.1; ** p<0.05; *** p<0.01

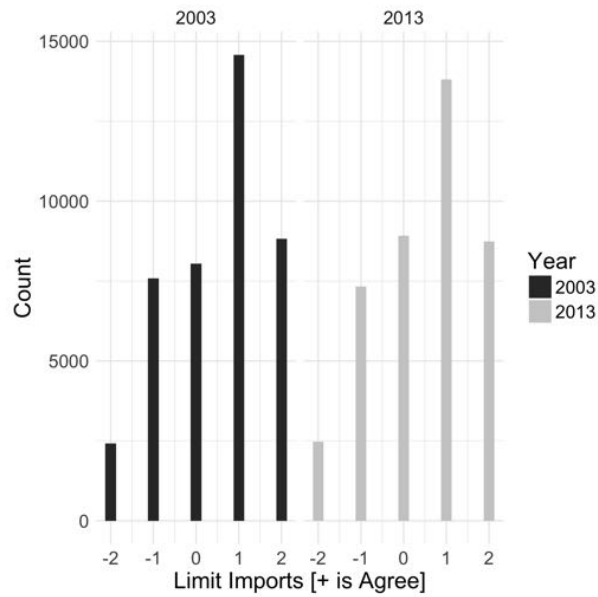


Figure 5: Histogram of responses to “[country] should limit the import of foreign products in order to protect its national economy,” by year.

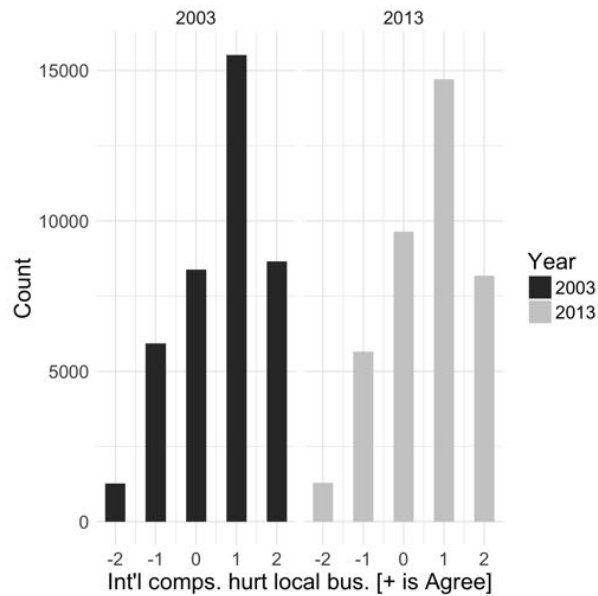


Figure 6: Histogram of responses to “Large international companies are doing more and more damage to local businesses in [country],” by year.

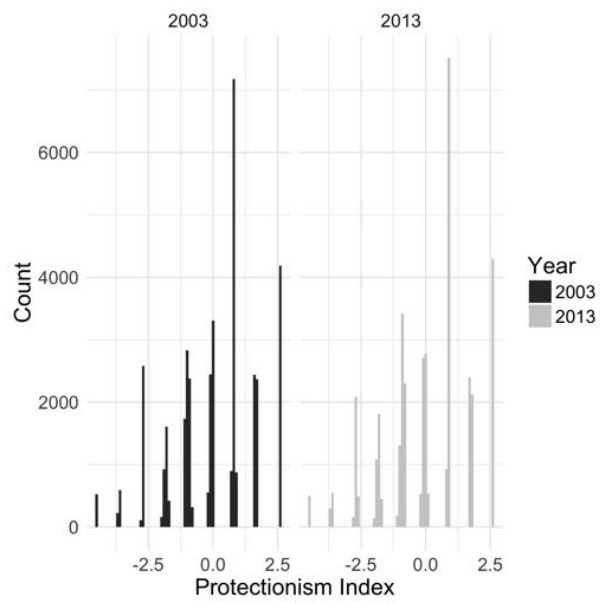


Figure 7: Histogram of scaled protectionism index, by year.

Appendix: MTurk Survey Experiment

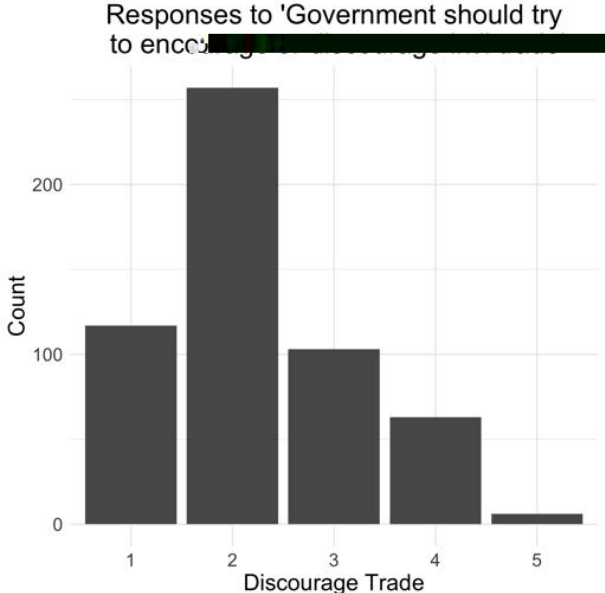


Figure 8: Responses to survey question “As you may know, international trade has increased substantially in recent years. This increase is due to the lowering of trade barriers between countries, that is, tariffs or taxes that make it more difficult or more expensive to buy and sell things across international borders. Do you think the government should try to encourage international trade or to discourage international trade?”

Table 18: Experimental results: Support for Trade Restrictions

	<i>Dependent variable:</i>	
	Support for Restricting Trade [scaled]	
	(1)	(2)
Trade Deficit Treatment	0.141* (0.081)	0.142* (0.082)
Income [k]		-0.002 (0.001)
Working		0.105 (0.093)
Patriotism Index [Scaled]		0.056 (0.041)
Constant	2.168*** (0.057)	2.188*** (0.100)
Observations	546	546
R ²	0.005	0.014
Adjusted R ²	0.004	0.007
Residual Std. Error	0.951 (df = 544)	0.950 (df = 541)
F Statistic	2.996* (df = 1; 544)	1.979* (df = 4; 541)

Note:

*p<0.1; **p<0.05; ***p<0.01

Table 19: Experimental results: Trade makes worse off

	<i>Dependent variable:</i>	
	Trade makes worse off [scaled]	
	(1)	(2)
Trade Deficit Treatment	0.162* (0.091)	0.163* (0.091)
Income [k]		-0.002 (0.001)
Working		-0.010 (0.104)
Patriotism Index [Scaled]		0.067 (0.046)
Constant	2.558*** (0.064)	2.676*** (0.111)
Observations	546	546
R ²	0.006	0.014
Adjusted R ²	0.004	0.007
Residual Std. Error	1.063 (df = 544)	1.061 (df = 541)
F Statistic	3.180* (df = 1; 544)	1.923 (df = 4; 541)

Note: *p<0.1; **p<0.05; ***p<0.01

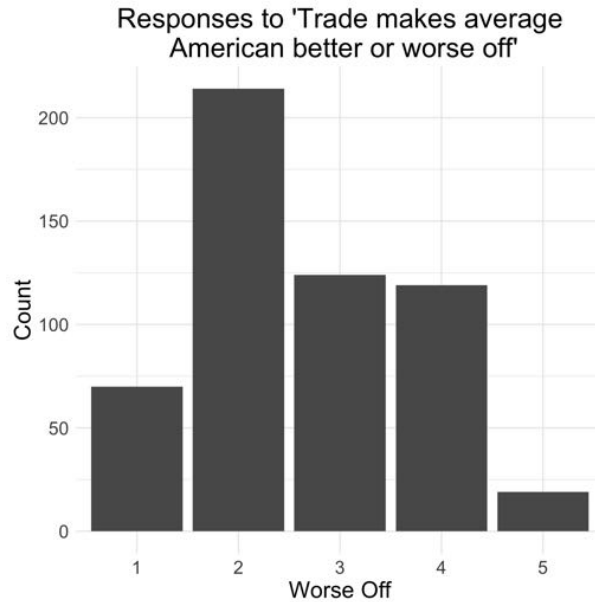


Figure 9: Responses to survey question “Do you think that growing trade and business ties of the United States with other countries have made the average American better or worse off?”

Table 20

	Protectionism Index					
	Bad for Industry		Bad for Jobs		Weaker on world stage	
	(1)	(2)	(3)	(4)	(5)	(6)
Treated	0.58** (0.25)	0.21 (0.16)	0.75*** (0.20)	-0.05 (0.17)	0.45** (0.19)	0.16 (0.18)
Constant	-0.15 (0.11)	-0.15 (0.11)	-0.15 (0.11)	-0.15 (0.10)	-0.15 (0.11)	-0.15 (0.11)
Agree?	Yes	No	Yes	No	Yes	No
Observations	339	481	394	426	406	414
R ²	0.02	0.004	0.03	0.0002	0.01	0.002
Adjusted R ²	0.01	0.002	0.03	-0.002	0.01	-0.0005

Note:

*p<0.1; **p<0.05; ***p<0.01

Table 21: Experimental Results: Treatment Interacted with Patriotism

	<i>Dependent variable:</i>	
	Protectionism Index [Scaled]	
	(1)	(2)
Trade Deficit Treatment	0.29* (0.15)	0.30* (0.16)
Patriotism Index [Scaled]	0.06 (0.11)	0.07 (0.11)
Income [k]		-0.004* (0.002)
Working		0.10 (0.18)
Treated * Pat. Index	0.11 (0.16)	0.10 (0.16)
Constant	-0.15	-

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