Public Opinion on Geopolitics and Trade: Theory and Evidence*

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Abstract

This paper provides the first systematic examination of the role of security concerns in shaping mass preferences over international economic exchange. We develop a theoretical framework that incorporates two countervailing forces that are expected to inform public opinion about trade: citizens favor integration when they anticipate that economic linkages can foster peace, yet they oppose trade when they fear negative security externalities emanating from such exchanges. We employ survey and case study evidence, along with several survey experiments in the United States and India, to investigate how voters evaluate these core tradeoffs. We find that security externalities dominate in the public's mind. Citizens consistently prefer trading with allies over adversaries. The heightened salience of economic statecraft in public opinion suggests that core assumptions in interdependence theory about the role of citizens might warrant revisiting. These findings help explain why economic cooperation can be elusive in the shadow of conflict.

Keywords: *trade, globalization, alliances, security, public opinion*

Critical elections around the world have hinged on voters' preferences toward trade policy and international economic cooperation. The 2016 American presidential election centered on pledges to abrogate the Trans-Pacific Partnership (TPP) and renegotiate trade agreements with countries such as China and Mexico.[1] Economic integration was also a chief point of contention in the mass referendum over Britain's decision to withdraw from the European Union.[2] Remarkably, public discourse during these campaigns featured debates over the merits of containing the military ascent of China and renouncing Europe's postwar security apparatus,[3] underlining the importance of popular support when trade policy is coupled with geopolitics. Such electoral linkages between security and economic cooperation are by no means unique; public opinion has had far-reaching economic policy consequences in a range of historical and comparative contexts. Following World War II, for example, mass preferences were a crucial ingredient in American foreign policy deliberations, which oscillated between employing trade restrictions to eliminate Germany's capacity to wage war and fostering economic integration with Germany to mitigate the chance of conflict.[4] Likewise, popular support has long influenced trading relations between geopolitical rivals such as India and Pakistan, South Korea and North Korea, and China and Taiwan, among others.

These pivotal cases point to a key link between statecraft and international economic cooperation that has been overlooked in existing work: Public opinion. Countries at times cut off trade with rivals based on the argument that economic exchange can empower partners, but at other

[1] Stokes, Bruce. "Republicans, Especially Trump Supporters, See Free Trade Deals as Bad for U.S." *Pew Research Center*. March 31, 2016.

[2] "Theresa May's 'Brexit Package' Revelations Received Well by Most Brits." *Sputnik International*. January 19, 2017.

[3] The U.S. Secretary of Defense declared publicly, for example, that the TPP "makes strong strategic sense" and that "it would deepen our alliances and partnerships abroad"; "passing TPP is as important to me as another aircraft carrier" (Department of Defense 2015). During the presidential primary debates of 2015, candidates advocated for the TPP by arguing that it would allow the U.S. to create "strategic alliances against the Chinese...[who] are certainly not our friend" (*The Washington Post*, November 10, 2015; Green and Goodman 2016). Similarly, reports about Brexit emphasized the danger it posed to the security relationship between the EU and the U.S. by threatening the Transatlantic Trade and Investment Partnership (TTIP). For example, the U.S. Ambassador to the EU stated that "there are critical geostrategic reasons to get this deal done." (Vincenti, Daniela. "US Ambassador: Beyond Growth, TTIP Must Happen for Geostrategic Reasons." *Euractiv*. July 16, 2014.)

[4] See, e.g., Casey 2001, 162-195. Moreover, in 1943 President Roosevelt abandoned the former school of thought—most notably articulated in the Morgenthau Plan—in favor of the latter (formulated in terms of the Marshall Plan) in large part due to domestic public opinion (Beschloss 2003). Roosevelt's policy backtracking in the face of electoral pressure was "an example of an increasingly vehement president being reigned in by a more prudent public" (Casey 2001, 191). For additional examples of political rhetoric linking security to trade, see Bailey (2003, 152).

times elevate trade with adversaries, contending that international economic cooperation can serve as a conduit to peace. Many scholars have examined how these countervailing pressures impact relations between nation states, yet few have studied the role of public opinion in influencing the choice of strategies adopted by governments.[5] At the same time, the vast body of scholarship on the determinants of mass preferences on trade policy has also paid little attention to this topic, thereby leaving us without the theoretical or empirical underpinnings necessary for evaluating individuals' attitudes on geopolitics and trade. But politicians continue to highlight security concerns in political rhetoric over trade, reflecting their need to win voters' approval while formulating foreign policy agendas. Correspondingly, voter preferences shape and restrict politicians' decisions to engage in economic statecraft, in part because trade policy becomes highly salient in the public eye precisely when it is tied to debates over war and peace.[6] Understanding how citizens interpret the linkages between geopolitics and trade is thus critical for comprehending when governments will or will not embrace international economic exchange in the shadow of conflict.

How important are geopolitical factors in shaping mass preferences on trade policy? Do voters prefer to trade more with allies over adversaries? What factors do citizens consider when evaluating tighter economic linkages with countries that do—or do not—present security threats? Theoretically, the answers to these questions are not obvious. The two central theories in the literature on international relations offer competing predictions about the systemic effects of trade on geopolitical relations between nations. The liberal peace theory argues that international trade should lead to peace because it creates economic interdependence, which in turn reduces the prospect of war (e.g., Doyle 1997).[7] This theory implies that if countries want to foster peace, they should

[5]As Kuo and Naoi (2014, 109) write, "Although studies linking trade and security alliances abound...[f]ew studies directly examine how voters view the effects of forming trade agreements on their economic and security welfare...These findings direct us to study how voters perceive the benefits and costs of forming trade agreements with...security allies versus nonallies." See also Kleinberg and Fordham (2013); Chen, Pevehouse and Powers (2017).

[6]Many scholars argue that public opinion is a key determinant of foreign policymaking in democracies (Russett and Oneal 2001, 274; Baum and Potter 2015; Peterson 1995, 10-11). Even scholars who argue that elite preferences exercise more influence on foreign policy than public opinion maintain that "issue salience" is an "important condition affecting the extent of public opinion," with mass preferences having their "greatest impact on highly salient issues" (Jacobs and Page 2005, 109). As we discuss in detail subsequently, the linking of trade to security concerns elevates its issue salience and increases the influence of public opinion in this domain.

[7]Note that prominent mechanisms in this theory operate through individual action; for example, individuals and economic agents who benefit from trade take steps to prevent war with their partners. To the extent that individuals'

expand trade with all partners—especially adversaries. At the same time, the "security externalities" theory proposes the opposite interpretation of the relationship between geopolitics and trade. Because trade frees up resources that can be diverted to military use, governments should prefer lesser trade with adversaries than allies so as to circumscribe the wartime powers of their rivals, while bolstering the joint military capabilities of their alliances (Gowa and Mansfield 1993, 2004).

The empirical record similarly offers mixed evidence on the observed relationship between geopolitics and trade. In the 1970s and 1980s, trade between the United States and the Soviet Union averaged only about 1% of the total trade for both countries—the two largest economic powers in the world. Evaluated in the context of the Cold War, this evidence would appear to provide strong support for the security externalities theory. The United States' historically restricted trading relations with countries such as China, Cuba, and North Korea points to the broad applicability of this claim.[8] But other cases gel well with the liberal peace hypothesis. The burgeoning of free trade between France and Germany in postwar Europe, China's eventual incorporation into the World Trade Organization, and Brazil and Argentina's decisions to join Mercosur were explicitly predicated on the assumption that free trade would lead to peace between rivals. In the face of these theoretical and empirical ambiguities, it is difficult to assess how citizens evaluate the linkages between security and economic statecraft.

The purpose of this paper is to provide the first systematic examination of whether and how geopolitical factors affect public opinion on trading relations between nations. We begin by explicating how the two theoretical perspectives—trade can promote peace with a partner but it can also increase a partner's military capabilities—can be incorporated within a single explanatory framework to explain individuals' preferences on geopolitics and trade. This theoretical framework leads us to expect that popular support for trade with an adversary will depend on the perceived impact of trade on both the likelihood of war erupting in the first place and on each nation's probability of winning the conflict in the event of hostilities breaking out. We then present several forms of

preferences are indicators of their likely actions, public opinion studies facilitate tests of key mechanisms in this theory.

[8] Similar dynamics appear in other parts of the world. For example, in 2010-11, India accounted for less than 5% of Pakistan's overall trade, and Pakistan less than 1% of India's trade, although both nations stood to reap considerable economic benefits through trade. See, e.g., FICCI 2012.

empirical evidence to adjudicate our theoretical predictions. Observational survey evidence and real-world case studies demonstrate that the tradeoffs identified by our theoretical framework appear time and again to be highly salient in citizens' minds. Our core empirical tests revolve around a series of survey experiments on voters in the United States and India, which we use to evaluate our theory's predictions. These experiments vary the importance of geopolitical factors in order to identify the impact of allies and adversaries on popular support for economic integration. We are also able to compare how individuals interpret the effect of trade on the military capabilities of potential partners with the effect of trade on the possibility of peace between countries.

Our experiments reveal a striking set of findings. First, pursuant to Gowa and Mansfield (1993, 2004), we find that concerns surrounding security externalities tend to dominate in respondents' minds. Individuals are substantially more willing to trade with allies over adversaries, all else equal. The magnitude of this preference is large and overshadows the size of the preference for trade with other democracies. It is comparable in size to the effect of sociotropic economic determinants of trade preferences that have been well-established in the literature—indicating that the scholarship has overlooked a key determinant of individual attitudes on international economic cooperation. We also find strong support for the specific mechanism underlying Gowa and Mansfield (1993, 2004)'s security externalities theory. In particular, respondents eschew trade when economic exchange is posited to increase an adversary's military capabilities.

Next, we examine the malleability of these preferences by investigating whether individuals' opinions shift when they learn that trade can lead to peace. When informed about the peace-inducing characteristics of trade, the preferences of some of our respondents reverse. In accordance with the liberal peace hypothesis, these respondents are willing to consider increasing trade with their adversaries. Indeed, for adversaries with desirable characteristics, overall levels of support for trade can be high. But a notable feature of our findings is that citizens continue to give a black mark to trade with adversaries *relative to allies*. Even when presented with an adversary that has the "best case" scenario of desirable characteristics, citizens continue to prefer to trade with an ally instead. Taken together, these results suggest that while mass preferences on geopolitics and

trade can at times hew to the predictions of the liberal peace hypothesis, they are more strongly and consistently influenced by considerations of economic statecraft. These findings are illuminating insofar as they provide some of the first micro-level evidence to evaluate a key mechanism in the interdependence literature. In existing theories, citizens play a central role in bolstering the reinforcing nature of trade and peace between nations. However, to the extent that public opinion is an indicator of citizen action, our experimental findings indicate that this important mechanism in the scholarship on the liberal peace appears to muster only qualified support.

These geopolitical triggers of individual attitudes on trade policy have gone largely unnoticed in the vast empirical literature on preference formation. Our study shows that geopolitical factors have large and qualitatively meaningful effects on public opinion. They also operate in a systematic manner and in ways that are consistent with our theoretical microfoundations. Our paper thus brings to bear new theory and evidence to explain how geopolitical considerations shape mass attitudes toward globalization. Forming a more complete understanding of public opinion in this arena both extends the international relations literature about the drivers of globalization, and informs many public policy debates about economic cooperation. For example, policymakers seeking to encourage liberalization might wish to consider the triggers and influences of mass support for such policies. More broadly, our findings provide fresh insights into the geopolitical underpinnings of the global economy, helping explain why governments constrained by public opinion at times choose trade cooperation, while at other times choose to inhibit economic exchange.

The Importance of Geopolitics for Public Opinion on Trade

Recent research argues that citizens might not possess detailed knowledge about the subject of trade (Rho and Tomz 2017); in such cases, individual attitudes may or may not be a meaningful determinant of policy outcomes.[9] Nevertheless, there are compelling theoretical reasons to expect that voters have strong opinions on the *pairing of geopolitics and trade*, and that these mass

[9]For studies exploring the economic determinants of trade attitudes, see Scheve and Slaughter (2001).

preferences translate into policy outcomes when strategic security goals are at stake. A key factor undergirding this relationship is "issue salience": Scholars have documented that public opinion has the greatest impact on policy when issue salience is high.[10] Even if voters consider trade policy to be a topic of relatively low salience, they typically view geopolitical factors pertaining to war and peace in highly salient terms. Therefore, the linking of trade to matters of national security effectively elevates the issue salience of trade policymaking. Verdier (1994, 42) makes this point clearly when arguing:

> "The security dimension of trade—that is, the fact that trade can be used to reward allied countries and penalize rivals—has made national security the issue most consistently and effectively paired with the trade issue. When security becomes a salient, consensual issue, trade is likely to follow it in its wake. Voters are thus rallied as a nation on one side or the other of the trade debate; and either protectionists or free traders are offered a unique opportunity to rout the other side."

Put simply, when geopolitical concerns are priorities for voters, voters formulate opinions on foreign policy measures that impact national security, including those related to trade and economic statecraft. It is precisely during these periods that the public exerts considerable influence over trade policymaking debates. As Bailey (2003, 148) argues, the electoral process translates security imperatives into trade policy outcomes because "when the public is deeply concerned about foreign policy, the preferences of the public permeate and dominate the entire system. Under these circumstances, Congress—and, in turn, the nation—can engage in politically difficult policies. This strategic ability is not due to the machinations of bureaucrats or lobbyists but to politicians responding to clear public concerns." The logic of this argument is that when geopolitical concerns are ingrained in the minds of voters, political representatives face clear electoral imperatives to formulate trade policies that advance national security interests—even if the policies are unpalatable to special interests or elite factions. Put differently, in the presence of strong external threats, "the foreign policy establishment...enjoy[s] the popular support necessary to take trade policy out of its domestic format" and turn it into a national security concern (Verdier 1994, 43).

[10] See Jacobs and Page (2005, 109), which argues that the "general public should have its greatest impact on highly salient issues that draw intense attention from the media and voters and thereby pose the most direct threat of electoral punishment for government officials who are unresponsive."

Historical and contemporary examples abound in which the geopolitical dimensions of trade with allies and adversaries swayed mass attitudes regarding decisions to foster trade with particular partner countries—including whether to grant MFN status to them, sanction them, sign PTAs and other preferential agreements with them, or allow them to accede to multilateral organizations.[11] For example, public opinion played a critical role in determining U.S. trading relations with states such as the U.S.S.R and China during the Cold War, while prompting the relaxation of trade restrictions between these nations after the Cold War ended (Yergin 1977).[12] Geopolitical factors have also represented recurrent themes in public discourse over trade policymaking between historic adversaries. In India, for example, when public opinion has rallied against Pakistan, political elites have been forced to adopt a harder line on trade and economic cooperation.[13] Likewise, negotiations of trade agreements between Taiwan and China have proven to be politically challenging, in part because voters in Taiwan have been skeptical of closer economic relations with China.[14] Similar dynamics regarding public opinion are apparent in South Korea, at times when the government has debated whether to increase trade with North Korea.[15]

The public's heightened awareness of salient geopolitical issues can therefore be expected to constrain economic policy outcomes. Yet, what role does public opinion play in influencing policy outcomes when geopolitical considerations are themselves not particularly salient? We make three points. First, to the extent that voters are disinterested in both the security and the economic repercussions of a potential trade policy agreement, it is plausible that public opinion is relatively less

[11]Note that the existence of these multiple policy mechanisms means that public opinion has the potential of influencing trade policy outcomes even in environments in which trade is regulated by multilateral fora.

[12]In 1957, for example, only 50% of Americans agreed that the U.S. and the U.S.S.R should increase trade with each other; by contrast, following the end of the Cold War, 68% of registered voters believed that the U.S. should give the U.S.S.R. the same trading privileges that it gave most other countries (Roper Center 1991). These shifts in public opinion had important implications for domestic electoral competition and foreign policy measures in the U.S. (Yergin 1977). A similar pattern emerges when we consider U.S.-China trading relations. In 1949, when faced with the prospect of the Communists seizing power, 46% of Americans wanted to discontinue trade with China, while only 34% wished to continue trading with it (White 1998). In 1999, by contrast, 54% of Americans wanted the U.S to normalize trade with China and allow China entry into the World Trade Organization, with 33% expressing opposition to the trade policy change (Jones 2000). China, too recognized the importance of public opinion for its entry into the institution, and undertook a public relations campaign designed to elicit more favorable opinions among U.S. citizens (Rosenthal, Elisabeth. "China's U.S. Road Show, Aimed at Making Friends." *New York Times.* August 23, 2000.)

[13]See, e.g., "India and Pakistan: Why This Reconciliation Could Be Different." *Stratfor*, December 10, 2015.

[14]Romberg (2014).

[15]Kwon (2014).

consequential to the policymaking process. Second, and conversely, scholars have documented that public opinion routinely influences foreign policy outcomes *even when* voters have low levels of information about particular international affairs debates. Across a diverse range of foreign relations domains, studies show that even when voters "lack highly specific knowledge about foreign policy, they can nonetheless be capable of making reasonable judgments about foreign policy" (Bailey 2003, 149; Russett 1990).[16] Correspondingly, representatives face incentives to respond to diffuse public opinion as a preemptive measure if they anticipate that other actors such political competitors, interest groups, or the media have the potential of mobilizing uninformed voters in the future (Bailey 2001). Third, it is plausible that public opinion is more influential when degrees of electoral competition are high. Candidates who propose policy platforms that resonate with the preferences of constituent groups frequently induce policy shifts among other candidates running for office (Verdier 1994). These competitive electoral realignments can systematically shape policy platforms across political spectrums.[17] Importantly, even when citizens do not directly vote on trade agreements, public opinion can constrain the government, as politicians seek to avoid "rocking the boat" by implementing policy measures that are unfavorable to their bases.

How Does Geopolitics Impact Public Opinion on Trade?

We develop a theoretical framework to explain how individuals interpret linkages between geopolitics and trade. To do so, we engage with two prominent theories of the geopolitical determinants of trade—the liberal peace and security externalities. The liberal peace hypothesis predicts that international trade causes peace by fostering economic interdependence, which then creates incentives to avoid war since conflict would disrupt profitable connections (Oneal et al. 1996; Oneal and Russet 1997). Under most versions of the liberal peace hypothesis, public opinion is assumed to play a key role in the causal chain (Hegre 2000, 6). Disputes are thought to harm commercial

[16] See, also: Page and Shapiro 1992.

[17] In the 2016 presidential primaries, for example, protectionist trade policy platforms by candidates in both the Democratic and Republican parties shifted the political rhetoric and policy offerings of candidates who were initially staunch proponents of free trade (see, e.g., *The New York Times*, March 9, 2016).

arrangements since the gains derived from trade are threatened by war (Russett and Oneal 2001), so citizens and economic agents such as firms have strong motivations to lobby their governments to refrain from costly conflicts with trading partners. Moreover, trade leads to greater contact and communication between citizens, creating shared community and values and leading them to push for policies that engender peace (Hegre 2000). Governments depend on citizen support and lobbying contributions from firms to stay in office, and thus follow suit, lowering the probability that war breaks out (Morrow, Siverson and Tabares 1998, 659).[18] This logic has a rich intellectual history,[19] and remains so prevalent that it has been used time and again to support liberalization between states, and between adversaries in particular.[20] Overall, then, advocates of the liberal peace theory argue that, all else equal, **citizens should support free trade with all states, including adversaries with whom trade could help to foster peace.** However, it remains an open question whether citizens think about trade in these terms, or formulate foreign policy opinions in line with the postulates of the liberal peace theory. Even if voters do think that trade leads to peace, it is unclear whether citizens consistently value peace through trade, or whether their thinking is dictated by alternate logics.

One such logic argues that international commerce between rivals creates negative security externalities because it allows an adversary's domestic resources to be used with greater efficiency, and permits the economic gains from trade to be diverted to military uses (Gowa 1989; Gowa and Mansfield 1993, 2004). States fear that their adversaries will become stronger and, in turn, have an increased probability of victory in potential future conflicts.[21] States with dissimilar interests may face particular incentives to renege on their agreements (Mastanduno 1992) because doing so can harm their trading partners by preventing them from obtaining military resources and lessen-

[18] See also, Doyle (1997).

[19] See Russett and Oneal (2001, 138).

[20] For example, in its mission statement, the World Trade Organization states that by increasing free trade, the institution will "foster peace and stability." See. e.g., *https://www.wto.org/english/thewto_e/whatis_e/wto_dg_stat_e.htm*, accessed March 2016. Furthermore, the establishment of the European Economic Community, the U.S.'s decision to foster trade with China, and a variety of other policy decisions were premised on the logic that trade would bind adversaries together to prevent war.

[21] Trade inevitably benefits one adversary more than another. Thus, when states are concerned about relative gains, the state who benefits relatively less from trade will not support trade with that partner.

ing their economic might. By contrast, trade with states that have similar security interests carries positive security externalities, because states seek to bolster the military capabilities of their allies. This gives them a stake in ensuring that their agreements are honored. A powerful indicator of similar security interests is the presence of a military alliance, since alliance commitments are typically made between states with common security concerns; additionally, alliances are costly to reverse due to the domestic and international punishments for abrogating commitments (Fearon 1994; Tomz 2007), as well as the threat of retaliation (Leeds, Long and Mitchell 2000). Shared interests and commitments to mutual security thus provide allies with powerful incentives to bolster their joint military capabilities while expanding their trading relations,[22] because such forms of trade emanate positive security externalities. Overall, this theory suggests that if citizens understand this logic, they should prefer trade with allies over adversaries, so that **the more trade helps an adversary win conflicts, the more citizens favor limiting trade with that state.**

Although the liberal peace and security externalities theories have conventionally served as state-centered approaches to trade politics, they have important implications for understanding individual-level preferences. Citizens on average gain economically from trade—for example, by receiving cheaper prices for goods or by experiencing relative wage increases from exports—incentivizing them to prefer avoiding war with trading partners. At the same time, citizens pay costs for fighting wars, whether through increased taxes or forfeited revenues that could have been spent on public services, or through conscription or war casualties;[23] this could lead them to eschew economic agreements that they perceive will benefit adversaries. We develop this argument formally in the Supplementary Appendix. Our key analytical insight is that from the vantage point of citizens, trade's effect on security can be decomposed into two constituent parts: trade affects individual utilities not only by influencing the *probability of winning a war* were conflict to erupt, but also the *probability of war breaking out* in the first place. Citizens are expected to be relatively more cognizant of security externalities while evaluating the likelihood of victory

[22] See: Mansfield and Bronson (1997); Long and Leeds (2006); Morrow, Siverson and Tabares (1998).

[23] They may even obtain utility from winning wars, since they experience economic benefits from wartime settlements, as well as other moral gains.

in war, but more responsive to the predictions of the liberal peace theory when considering the probability of conflict breaking out. The case of trade between two adversaries is illustrative. When adversaries trade, citizens of the state that obtains relatively more wealth through trade gain in terms of the probability of victory. This indicates that if trade increases the partner's military capabilities, citizens will be less likely to favor trade, all else equal. At the same time, however, the more trade increases between adversaries, the lower is the probability of war breaking out in the first place. As long as citizens would rather not fight a war, then, if trade increases the probability of peace, citizens should favor increasing trade with their adversary. Our research design and experiments test precisely these two constituent mechanisms by which geopolitical considerations are expected to shape public opinion on trade.

Do Geopolitics Matter? Evidence from Two Democracies

Our theoretical framework suggests that mass opinions about geopolitics and trade should be driven not only by the desire to avoid wars with adversaries but also by the preference for winning wars should they break out. We now seek to determine how the public thinks about these tradeoffs, and the degree to which individuals' preferences are malleable, by turning to the world's two largest democracies: the United States and India. Geopolitical concerns regarding trade are salient in each country. We start by providing survey-based evidence to demonstrate that security considerations pertaining to each country's trading relations with its adversaries strongly mirror the key determinants highlighted by our theoretical framework; in addition, the Supplemental Appendix details how similar perspectives are prevalent in political rhetoric and public discourse in both countries.[24]

To discern the extent to which geopolitics matter in determining people's views on trade with their adversaries, we administered a short survey which focused on U.S.-Russia and India-Pakistan trading relations, which represent two long-lasting and salient adversarial relationships. We ran our

[24]While we examine observational evidence regarding trade between adversaries, evidence also exists that our predictions hold more generally between allies. For example, the fact that the United States and South Korea are close allies helped convince the public in South Korea to favor the passage of the free trade agreement between the two countries (Park and Park 2014).

survey on a convenience sample of 200 American adults and 200 Indian adults whom we recruited using the Amazon Mechanical Turk (MTurk) platform in May 2016.[25] We began by asking respondents whether they support increasing trade with Russia (for American respondents) or Pakistan (for Indian respondents) and requested that they write 3-5 sentences explaining their answer. Because we queried respondents at the beginning of the survey, we did not prime respondents in any way. We then hand-coded the responses based on whether they cited security externalities as the reason for opposition, peace as the reason for support, lack of trust as the reason for opposition, economic rationales, other geopolitical reasons, other non-geopolitical reasons, or whether there was not enough information provided to determine which category the response fell under. Responses could fit into multiple categories if several factors were mentioned and therefore do not sum to the number of respondents. These results are summarized in Table 1.

Table 1: Reasons for Trade with Adversaries

Category	India	U.S.
Security Externalities	73	33
Peace	74	70
Trust	17	26
Other Geopolitical Rationale	4	23
Economic Rationale	50	82
Other Rationale	4	12
Cannot Be Determined	12	9

The first thing to note is that geopolitical concerns cited by our respondents dwarf economic considerations. In the U.S. sample, citizens cited geopolitical issues 152 times compared to 82 times for economic factors. In the Indian sample the difference was even more pronounced, as people mentioned geopolitical factors 168 times, while they only noted economic concerns 50 times. Next, the vast majority of responses fell into the geopolitical categories we have identified. Within the Indian sample, 90 people mentioned security externalities, and 74 believed that increased trade would cause peace. For example, one respondent noted, "as the people of India

[25]Note that these surveys were administered separately from the surveys containing the main experimental results reported subsequently in the paper.

seeing Pakistan as enemy country, I want to support the foreign trade to lessen this enmity. As the trade flourishes, the friendship between the country also flourish (*sic*)." As another put it, "it would reduce the hostility between the two countries. It would prompt Pakistan businessmen to invest in India too. Once the trade and investment reaches higher levels snapping relations with India will not be easy." In contrast, security externalities arguments focused on terrorism, as many people feared that boosting trade would allow more terrorist attacks. For example, according to one respondent, "Pakistan is a worst country in the world. Pakistan support terrorists and working against towards India. So foreign trade help them to grow their military. That is a threat to India (*sic*)." These opinions are illuminating as they suggest that concerns about absolute versus relative gains—widely acknowledged as theoretical drivers of foreign policymaking at the level of the nation state—appear to be quite salient in the minds of individual voters in this context.

Similarly, in the U.S. sample, 59 responses cited security externalities, while 70 mentioned that trade would likely lead to peace. On the security externalities side, one person stated, "I dislike Russia's foreign policy with neighboring countries. I believe that the way to control Russia's ability to expand their empire is to limit them financially. I believe that the US has manipulated oil prices down to this end. We should restrict trade with Russia and isolate them to limit their global power." Another believed, "They are our enemy. They dont support anything we do. They are hostile in Ukraine. Russia will use the money for its army against us (*sic*)." However, others thought that peace would grow as a result, and some even mentioned both factors as a trade-off. For example, one respondent noted, "Trade would be beneficial to both parties involved. While Russia might increase its military powers with the additional funds created through trade, they could enhance the lives of citizens through more programs and funding to help the poor. This would benefit and strengthen our relationship with Russia, leading to less threats of war and violence."

These opinions suggest that citizens care strongly about the effect of trade on geopolitical outcomes—at least for the highly salient, adversarial partners of each country.[26] Yet, whether

[26]Note that we previously discussed that issue salience is a key factor that likely shapes the relationship between geopolitics and trade in the realm of public opinion. We later return to discuss the implications of our argument for low salience trading relationships.

respondents' views change if they could be persuaded that trade's effects are either more or less beneficial than they previously thought is an open question. Moreover, these correlations could potentially be capturing additional factors unrelated to geopolitical tradeoffs. We thus now turn to a series of survey experiments to further investigate our theory.

Experimental Tests of the Impact of Geopolitics on Trade

Do people wish to trade more with allies over adversaries? How do geopolitical considerations stack up against more conventional determinants of trade preferences, such as economic factors? If geopolitical triggers are important for public opinion on trade, through what mechanisms do they operate, and how malleable are individuals' views on these matters? We now study these questions using survey experiments. Our experiments allow us to circumvent common problems of endogeneity, and permit us to manipulate variables that would otherwise be difficult to disentangle from the effects of geopolitical factors. For example, allies of the United States tend to be democracies; observed predilections for trade with allies could therefore reflect preferences for trade with members of shared security alliances, yet could also capture individuals' desire to cooperate with nations that hold free and fair elections. Our research design allows us to parse out the effect of correlated factors such as these, and ensure that we identify the causal effect of the geopolitical determinants of trade preferences that are central to our theoretical framework.

We begin by employing a vignette experiment in which respondents were provided information in a manner similar to what they might encounter in a newspaper article, commentary piece, or political speech. The purpose of the experiment was to study how individuals respond to theoretically-grounded geopolitical determinants of trade preferences that might arise in real-world political discourse. This approach provides unambiguous causal estimates of our theoretical determinants of interest in ways that are comparable to seminal tests of public opinion in international relations research (see, e.g., Tomz and Weeks 2013). Additionally, and perhaps more importantly, this structure provides a direct test of our theory. In particular, we wish to probe how

respondents evaluate the positive and negative geopolitical effects of trading with an adversary when both mechanisms are made salient, as they often are in public debates on the issue.

Vignette Experiment Design

We ran our vignette experiment on a sample of 1,208 American adults whom we recruited using the MTurk platform in March 2016. We chose the MTurk platform because of its cost and efficiency gains relative to other convenience samples. MTurk samples are largely representative of the broader population (Berinsky, Huber and Lenz 2012), and many studies employing MTurk have replicated findings from nationally representative surveys, especially in the domain of trade preferences (Huff and Tingley 2015). For instance, correlations between MTurk samples and those of nationally representative samples are high (Mullinix et al. 2015). Of particular relevance to our study, Huff and Tingley (2015) demonstrate that MTurk respondents are employed in similar industries to those found in nationally representative surveys.

The experimental treatment was implemented at the start of the survey directly after respondents provided informed consent. We presented subjects with the following scenario:

> An article in a major national newspaper recently stated that the U.S. is considering enacting a free trade agreement with another country. Trade will strengthen the U.S. economy, although some Americans will lose their jobs as a result of free trade.
>
> The other country in the free trade agreement [*is* / *is not*] a democracy and has a large military. Importantly, the other country is an [*ally* / *adversary*] of the U.S., meaning that it is considered to be [*friendly with* / *hostile to*] the U.S.
>
> 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.

After presenting this scenario, we immediately asked the question: "Given the facts described in the article, do you support increasing trade with this country?" Our experimental manipulations comprised four sets of treatments. First, we varied whether the country was a democracy or not in order to directly provide information about an important characteristic of the country that respondents might plausibly have associated with America's allies and adversaries. If respondents con-

flated allies with democracies, for example, the effect of the allies treatment might have captured individuals' preferences for trading with democracies. By establishing the nature of the country's government, we effectively controlled for this correlated threat to inference. Moreover, this treatment permitted us to compare the magnitude of the effect of our primary variable of interest with a well-known benchmark in the trade preferences literature.[27]

Our main experimental manipulation pertained to the country's status as an ally or adversary. Apart from explicitly using these terms, we explained that allies are considered to be "friendly" with, whereas adversaries are considered to be "hostile" toward, the U.S. because the words "allies" and "adversaries" might have been unfamiliar to some respondents. This variable allows us to test whether geopolitical determinants are broadly important in shaping individual attitudes.

Our theoretical framework decomposes trade's effect on security into two constituent parts, which we now explicitly test. The security externalities theory argues that these externalities represent "the most critical aspect of free trade agreements in the anarchic international system"; increased efficiency resulting from trade "itself frees economic resources for military uses" and "enhances the potential military power" of trading partners (Gowa and Mansfield 1993, 408). Our third treatment tests this claim. We reveal to respondents that trade either "will" or "will not" benefit the other country's military. If the security externalities theory operates, respondents should de-emphasize trade with an adversary and elevate trade with an ally in order to increase the probability of winning a war, were conflict to erupt. At the same time, we posited that trade can also affect the probability of war breaking out in the first place. Following the liberal peace hypothesis (Doyle 1997), our fourth treatment tests whether citizens are more likely to prefer trade when trade is expected to promote peaceful ties. We inform voters that trade either "will" or "will not" decrease the possibility of conflict between both nations. These treatments thus mirror the key concepts, mechanisms, and tradeoffs that emerged from our theoretical discussion.

A few additional points about our vignette are worth noting. First, we clarify that the potential

[27] According to the scholarship on the democratic peace theory, democracies forge economic connections with one another. Our goal was to compare respondents' preferences for trade with allies with their known proclivity for establishing trade with democracies.

trade partner has a large military. This is an important feature of Gowa and Mansfield (1993)'s security externalities theory, and we did not want subjects to differentially attribute military sizes to allies and adversaries based on pre-existing associations. In addition, we highlight the fact that trade will have economic ramifications. By stating that "trade will strengthen the U.S. economy, although some Americans will lose their jobs as a result of free trade," we attempt to provide a balanced and holistic picture about the costs and benefits of free trade; a vignette discussing the impact of trade in America that contained no reference to economic factors might have appeared incongruous to some respondents. Finally, the information in the vignette was sourced to a major national newspaper, providing the content an aura of authenticity and suggesting that the deliberation over the free trade agreement was consequential to public discourse.

Vignette Experiment Results

We begin by scrutinizing the effect of the geopolitical profile of the U.S.'s potential trading partner. Table 2 presents the results of this analysis.[28] By simply replacing the word "ally" with the word "adversary" and explaining that this implies that the other country is either "friendly with" or "hostile to" to the U.S., support for trade with the country decreases by 19 percentage points. Column 1 presents the treatment effect using a binary outcome measure and no controls. Columns 2 and 3 show a qualitatively similar relationship when we add a vector of pre-treatment covariates and use the ordered outcome measure of support for trade. Neither of these specifications alter any of our subsequent findings, and so for clarity of interpretation, we present results using our binary outcome measures and specifications without controls going forward. Overall, we find compelling evidence that respondents on average prefer to trade with America's allies, while simultaneously attaching a trading penalty to its geopolitical rivals.

Next, we test whether the mechanism specified by Gowa and Mansfield (1993)—namely, that

[28]The dependent variable indicates support for increasing trade with the country described in the newspaper article. Our randomizations resulted in observably similar groups of respondents across each of the four treatment conditions (see Supplementary Appendix). As we might expect by chance when considering a large set of statistical comparisons, one pre-treatment variable (religion) is significant in two treatment conditions. The inclusion of pre-treatment controls to correct for this slight imbalance does not alter any of our substantive findings.

Table 2: OLS Estimate of the Effect of Ally / Adversary Treatment

	Binary Outcome 1	Binary Outcome 2	Ordered Outcome 3
Adversary Treatment	- 0.189***	- 0.189***	- 0.510***
	(0.028)	(0.028)	(0.048)
Constant	0.582***	0.412***	2.147***
	(0.020)	(0.077)	(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. Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

voters privilege trading with allies over adversaries due to the "knock-on effects" of trade on military sizes—resonates with respondents in our sample. Table 3 presents the effect of the treatment in which we specify that trade will strengthen the other country's military. Column 1 shows that the security externalities mechanism has a large and statistically significant impact. Respondents are less likely to favor free trade when told that trade will augment the militaries of America's trading partners. The magnitude of this effect is larger when we restrict our sample to countries that are considered adversaries (Column 2), as support for free trade falls by 18 percentage points in these instances. But when we study the effect of this treatment on America's allies, an entirely different pattern emerges: There is no statistically significant effect when respondents consider the effect of trade on military sizes among these countries.

These findings are largely consistent with the security externalities theory's predictions about trade between adversaries; we find strong support for the prediction that citizens do not wish to promote trade when trade will help the militaries of their adversaries. The lack of a similar penalty among allies shows that citizens do not inherently find the association between trade and military sizes unappealing—they discriminate on this measure only when they are concerned about the geopolitical consequences of trade. Note, however, that we do not find a symmetric *positive* association for the impact of trade on the militaries of America's allies, a corresponding key prediction

of the security externalities theory. Countries are expected to desire more trade with allies in order to build their coalition's strength and maximize their joint war fighting capacity. Our lopsided finding on allies is therefore striking, and suggests an important scope condition of the theory. As we discussed earlier, it is plausible that voters formulate opinions on trade policy differently for "high salience" and "low salience" geopolitical issues. A claim that would be consistent with our experimental findings is that citizens consider geopolitical concerns to be much more salient when they contemplate trade with adversaries. By contrast, they might view allies as less salient security partners, preferring to evaluate trade with friendly countries in "business as usual" terms. We view this interpretation as speculative, but we note that it supports observational evidence that trading relations between adversaries is a subject on which the public tends to have strong views. Overall, these findings suggest that the securities externalities theory primarily sways the public through its effect on adversaries rather than through its effect on allies, which implies that the public's concerns about geopolitical factors are likely more salient and intense for trade with adversaries.

We now examine whether voter preferences regarding trade with adversaries shift when trade holds the prospect of inducing peace. Table 3 shows that by replacing "trade will" with "trade will not" in the statement about trade reducing the possibility of conflict between the other country and America, we trigger a sharp effect among respondents. Column 1 shows that there is a 31 percentage point increase in support for free trade in the full sample. Columns 2 and 3 break down these results among respondents who are told that potential trading partner is an adversary and an ally, respectively. Observe first that consistent with our broad theoretical framework, the baseline support for free trade is much lower for adversaries than for allies. When informed that trade will help ensure peace, respondents upgrade their evaluation of the free trade agreements for both adversaries and allies—a finding consistent with the overarching claim of the liberal peace hypothesis—but the magnitude of the treatment effect is larger for adversaries. Evidently, when trade reduces the possibility of conflict, many voters who were once averse to trade with adversaries now prefer to increase trade with these potential trading partners.

Table 3 also reports the results of the democracy treatment. As Column 1 shows, the positive

Table 3: OLS Estimates of the Effect of Military, Peace, and Democracy Treatments

	Effect in Full Sample 1	Effect For Adversaries 2	Effect For Allies 3
Military Treatment	-0.109***	-0.183***	-0.039
	(0.029)	(0.039)	(0.040)
Constant	0.542***	0.484***	0.601***
	(0.020)	(0.029)	0.028
R-Squared	0.012	0.035	0.002
Peace Treatment	0.313***	0.331***	0.299***
	(0.027)	(0.037)	(0.038)
Constant	0.332***	0.227***	0.435***
	(0.027)	(0.024)	0.028
R-Squared	0.097	0.115	0.091
Democracy Treatment	0.078***	0.056***	0.098***
	(0.029)	(0.040)	(0.039)
Constant	0.449***	0.365***	0.532***
	(0.020)	(0.028)	0.028
R-Squared	0.006	0.003	0.009
N	1,202	603	605

Notes: Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

effect of being a democracy is substantially smaller in magnitude than the effect of being an ally. Additionally, the treatment effect when the other country is considered to be an adversary (Column 2) is smaller in magnitude than the treatment effect when it is an ally (Column 3). In conjunction with the evidence presented previously, Table 3 indicates that geopolitical considerations are significant predictors of individuals' opinions on trade policy, and are orthogonal to a trading partner's status as a democracy or not.

As an illustrative exercise, we can compare the effect of a trading partner that is an adversary with respondents' willingness to trade under different treatment conditions. When a trading partner is an adversary, a minority (only 39%) of respondents prefer increasing trade with it; by contrast, 58% of respondents prefer trading with an ally. As expected by the security externalities

theory, the effect of switching from an ally to an adversary on support for trade is negative and significant, but this preference becomes even more negative when trade is expected to increase the partner's military. Now, only 29% of citizens express support for trade with an adversary. But our results also provide supportive evidence for the liberal peace hypothesis. When informed that trade with an adversary will both bolster its military and reduce the possibility of conflict, 45% of respondents (a greater proportion than before, although still a minority) now support increasing trade. This support increases substantially when we look at the "best case" scenario for trade with adversaries—that is, when trade does not increase the size of the adversary's military yet is expected to foster peace. In these instances, average levels of support reach 65%, indicating that a potential referendum on such a trade agreement would pass muster.

Note, however, that a striking feature of our results is that it is difficult to shift people's preferences about trading with adversaries *relative to allies*. Put simply, the public never prefers trade with adversaries over trade with allies. Even when we consider the "best case" scenario discussed above (i.e., when trade does not increase the size of the partner's military yet reduces the chance of a conflict breaking out), significantly more respondents prefer trading with allies (74%). That citizens consistently prefer trade with allies over adversaries indicates that public opinion on geopolitics and trade is well-defined and persistent. These trends can be evaluated more formally in Table 4, which interacts the adversary treatment with the peace and military treatments.

Finally, we conducted an additional series of tests to evaluate the stability of our experimental findings. As discussed earlier, MTurk survey samples are not nationally representative, although they have been shown to be particularly suitable for public opinion studies regarding trade policy preferences (Huff and Tingley 2015). To account for these imbalances, we applied survey weights using entropy balancing to our sample and re-ran our analysis.[29] We found no substantive or statistically meaningful differences in any of the treatment effects reported earlier.[30]

[29]We re-weighted our data using national level data for the following demographic variables: gender, age, and race/ethnicity (in particular, White, Black, Asian, and Hispanic).

[30]Note that the goal of our analysis was to compare how individuals view trade with allies *relative* to trade with adversaries, in accordance with the theoretical framework that we developed. A fruitful avenue for future research would be to compare these preferences with attitudes toward partners whose geopolitical affiliations are unknown.

Table 4: Interactions between Adversary, Peace, and Military Treatments

	Binary Outcome 1	Binary Outcome 2
Adversary X Peace X Military	-0.087***	-0.094***
	0.034	0.033
Adversary X Peace	0.074***	0.081***
	0.024	0.024
Adversary X Military	-0.100***	-0.094***
	0.023	0.023
Peace X Military	0.057**	0.077***
	0.024	0.024
Adversary Treatment	-0.158***	-0.163***
	0.018	0.017
Military Treatment	-0.063***	-0.069***
	0.018	0.018
Peace Treatment	0.268***	0.253***
	0.017	0.017
Constant	0.467***	0.354***
	0.013	0.025
R-Squared	0.151	0.172
N	1,208	1,202
Controls	No	Yes

Notes: Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Conjoint Experiment Design

We next ran a conjoint survey experiment on a sample of American respondents that we recruited in March 2016 using the MTurk platform.[31] The conjoint design offered several advantages in the context of this study. First, while the order of the treatments was held fixed in the vignette experiment, we randomized the order of attributes in the conjoint study in order to prevent ordering effects, and to facilitate comparisons of the magnitudes of treatment effects with the vignette experiment.[32] Second, because respondents ranked and rated multiple attributes simultaneously, we were able to assess a number of causal hypotheses both independently and interactively, and evaluate the relative explanatory power of each. Third, the conjoint design allowed us to assign

[31] Conjoint methods present two or more hypothetical options to respondents and ask them to choose between and rank the choices according to their preferences. In our survey, subjects were shown characteristics of two randomly-generated hypothetical trading partners and asked to select which partner they would rather see the United States trade with. We provided each subject with five sets of these comparisons.

[32] We find no evidence that the order had any effect on the outcomes.

different levels to each theoretical attribute and study how individuals' attitudes varied according to attribute levels.[33]

We experimentally varied six attributes of the trading partners.[34] We began by indicating whether a partner was an ally or an adversary, but we also specified whether the other country was a democracy or not, because the democratic peace literature predicts that democracies seek to forge economic relations with each another. Next, we explained that the military size of the other country was either "much smaller" or "a little smaller" than America's military. According to Gowa and Mansfield (1993), the larger a trading partner's existing military size, the greater the security externalities that emerge from trade. The treatment seeks to test this hypothesis in the American context.[35]

Our fourth treatment indicated whether trade would increase the size of the other country's military. Respondents were given one of the following attributes: "no change in size," "a little," and "a lot." While our vignette experiment provided respondents with a binary choice, our conjoint experiment presented an ordered set of options. Our goal was to study how variation in the levels of these theoretical attributes would impact respondents' preferences. We also specified that because of trade, the likelihood that the other country would engage in a conflict with America would either "stay the same," "decrease a little," "or decrease a lot."[36] Finally, we varied whether trade would "help," "hurt," or "neither help nor hurt" the U.S. economy in order to compare the magnitudes of potential geopolitical effects with those of sociotropic economic effects.

A couple points are in order. First, our treatments related to the geopolitical and economic effects of trade are intentionally subjective. We considered providing respondents with concrete information on military sizes, probabilities of conflict, and trade-induced economic costs and ben-

[33] At the same time, our vignette design offered a different set of advantages. For example, the vast quantity of information presented to respondents in the conjoint analysis could potentially induce cognitive burdens that are different from those presented in a simple newspaper article like the one included in our vignette setting. Additionally, the vignette design allowed us to study attitudes without probing the ranking or rating of alternatives.

[34] The full list of attributes is given in the Supplemental Appendix.

[35] We did not include options indicating that the military was equal in size to, or larger than, the U.S. military. Such options would have been unrealistic; it is well known that the U.S. has the largest military in the world.

[36] We restricted two attribute profile combinations; when the trading partner was an ally, we did not allow trade to decrease the likelihood that the country would engage in conflict with the U.S. by either "a little" or "a lot" as allies would not typically be expected to enter into military conflicts with one another.

efits, but decided that respondents would likely be unfamiliar with this degree of specificity in the treatments. More importantly, public discourse on geopolitics and trade is rarely couched in specifics. Political speeches and commentary, for example, typically focus on broader concepts, such as the general ability of trade to foster peace. Second, we do not provide a comprehensive test of all of the theoretical determinants of trade that have been highlighted in past studies. But because the geopolitical determinants we sought to test are predicted to have economy-wide effects, we introduced macro-economic tests of the impact of trade similar to the theories highlighted in Mansfield and Mutz (2009).

Our research design fully randomized the six theoretical attributes of the free trade agreement under consideration; for each potential trade partner, the values for these six dimensions were randomly assigned to ensure that the treatment groups are comparable on both observable and unobservable criteria. Thus, even if respondents subjectively interpreted some of the information that we provided differently, any potentially confounding variables would have been distributed uniformly across treatment groups, and our estimates of treatment effects would remain valid. We use a linear probability model to estimate the marginal effects of each of these features.[37]

Conjoint Experiment Results

Figure 1 reports our estimates of the influence of the geopolitical and economic determinants of trade preferences on public support for free trade, each of which should be interpreted relative to the attribute's reference category; the Supplementary Appendix presents the full results. We find that geopolitical considerations have a qualitatively large impact on public opinion, as moving from an ally to an adversary decreases public support for an agreement by 27.4 percentage points. The sheer magnitude of this effect is worth acknowledging. This is the largest treatment effect obtained in the conjoint experiment. Respondents penalize adversaries more than twice the amount that they reward democracies (12.8 percentage points). By way of comparison, the literature on

[37]For each trade partner that a subject contemplated, we created a variable which 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 non-parametrically estimate the effect of variation in each feature on support for free trade. Our results remain unchanged when re-estimated using a probit model.

trade preferences has established that trade's perceived impact on the national economy is a key determinant of individual opinions on trade policy (Mansfield and Mutz 2009); indeed, when we shift from telling respondents that trade "helps" the U.S economy to trade "hurts" the U.S economy, support for the trade agreement falls by 27.0 percentage points. The effect of security externalities thus appears to be similar to that of sociotropic economic concerns.[38]

Next, we find substantive support for the two theoretical mechanisms highlighted in our model. On the one hand, when informed that trade will increase the size of the other country's military by "a lot" compared to the baseline level of inducing no change, respondents become 16.8 percentage points *less* likely to support trade. On the other hand, they are 18.4 percentage points *more* likely to support the trade agreement when trade decreases the likelihood of conflict between the other country and the U.S. by "a lot."[39] The peace-inducing properties of trade have a nearly equal and opposite impact on preferences toward trade with adversaries when compared to the negative military-related externalities potentially generated by trade.

Note that Figure 1 shows us that the effect of being an adversary is negative, and that this impact can be mitigated—but not eliminated—when trade is expected to reduce conflict by "a lot". This suggests that even in a potentially "best case" scenario for adversaries, citizens would likely still prefer trade with allies. However, our respondents' opposition to adversaries is not inflexible, as some people who are opposed to trade with adversaries become willing to support such trade agreements when they anticipate that trade will induce peace between nations.

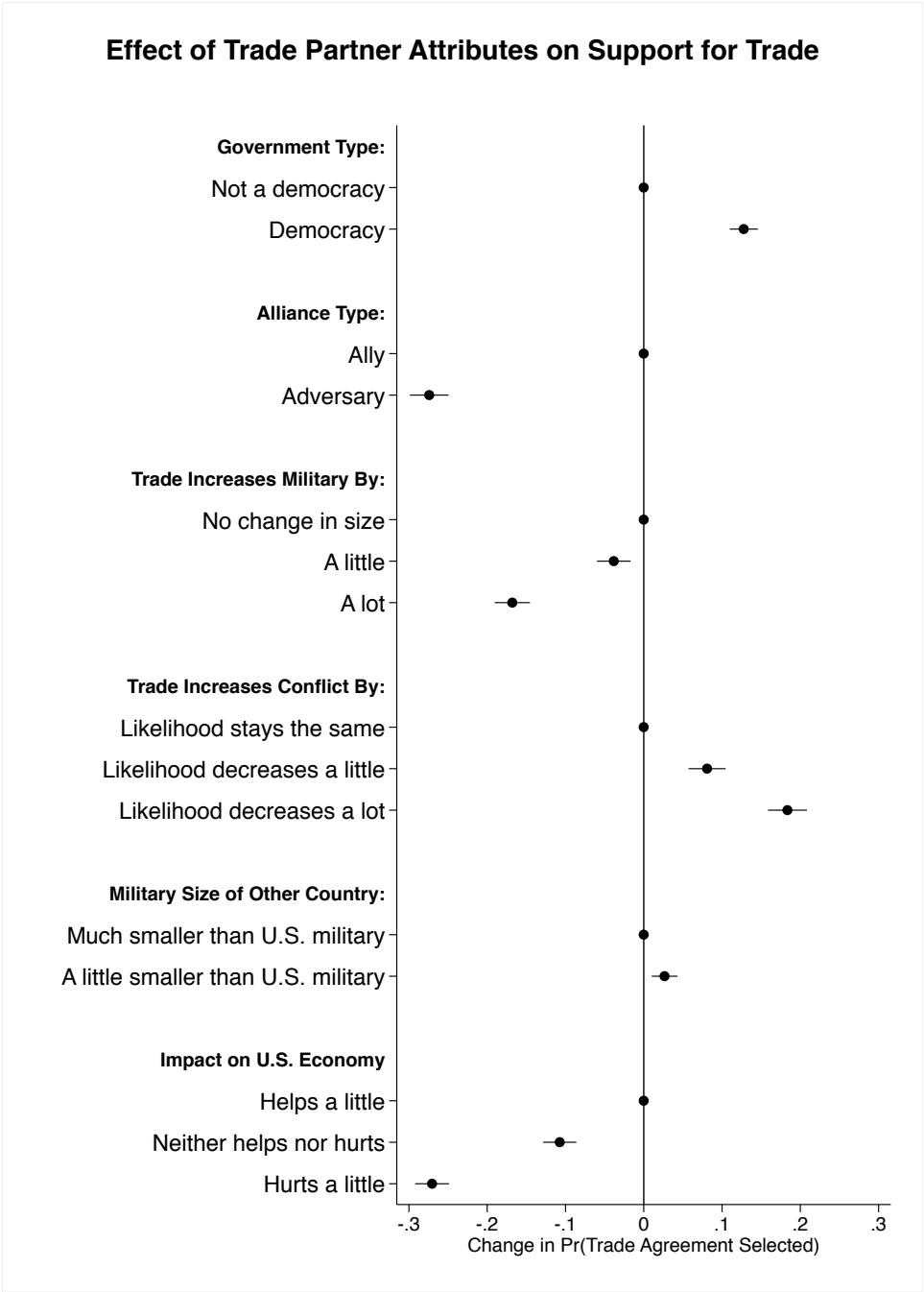
Generalizability and External Validity

Do our findings vary according to respondent subgroups, reflect alternate determinants of preference formation, or carry over to other countries and time periods? We start by examining whether

[38] We view this interpretation as suggestive. In particular, our experimental design did not intend to comprehensively test security considerations against economic imperatives, especially *individual*-level economic drivers of trade attidues (Scheve and Slaughter 2001). Future work should compare geopolitical considerations against other established determinants of trade preferences.

[39] Recall that we restricted by design the decrease in the possibility of conflict only to instances in which the other country was an adversary. As explained earlier, it is improbable that trade reduces the prospect of war between allies that already enjoy friendly relations.

Figure 1


Effect of Trade Partner Attributes on Support for Trade
Government Type:
Not a democracy
Democracy
Alliance Type:
Ally
Adversary
Trade Increases Military By:
No change in size
A little
A lot
Trade Increases Conflict By:
Likelihood stays the same
Likelihood decreases a little
Likelihood decreases a lot
Military Size of Other Country:
Much smaller than U.S. military
A little smaller than U.S. military
Impact on U.S. Economy
Helps a little
Neither helps nor hurts
Hurts a little
-.3
-.2
-.1
0
.1
.2
.3
Change in Pr(Trade Agreement Selected)

different types of citizens attach different weights to the military and peace-inducing properties of trade. To explore this possibility, we analyze our results by subgroups, distinguishing between respondents classified as hawks versus doves, liberals versus conservatives, and Republicans versus Democrats (see Supplementary Appendix).[40] Our findings are reassuring insofar as they largely conform to conventional wisdom. Individuals categorized as hawks are much more likely than doves to penalize potential trading partners that are adversaries; while hawks evince a 31.2 percentage point decline in support for trade with adversaries relative to allies, the corresponding figure for doves is 23.0 percentage points. Yet, both groups appear to have similar opinions when considering other features of the trading partner, such as its status as a democracy. A congruent pattern emerges when we partition our sample by self-identified liberals and conservatives, with the latter group more likely to eschew trade with adversaries than the former. Interestingly, we cannot reject the hypothesis that the adversary treatment has a different effect for Democrats and Republicans, indicating that partisanship is likely not a major factor influencing how voters evaluate security externalities. Overall, although we find that some segments of the population place greater emphasis on geopolitics than others, the direction of the treatment effects are identical for each subgroup. This suggests that our results generalize to different types of individuals.

One might question whether the treatment effects registered in our experiments were capturing alternate determinants of attitude formation. For example, people who have more negative feelings toward out-groups might be more likely to oppose trade with adversaries. Anticipating this possibility, we designed our survey to include a battery of attitudinal measures to capture the following behavioral traits that have been shown to influence foreign policy preferences related to globalization: (a) ethnocentrism, (b) nationalism, (c) isolationism, (d) internationalism, and (e) interest in foreign affairs. On partitioning our results according to these behavioral traits, we see a strikingly consistent set of patterns. Across all five classifications, the subgroups have treatment effects that are statistically indistinguishable from one another (See Supplementary Appendix). Clearly, individuals who evidence greater out-group bias, for instance, are neither more nor less

[40] We followed existing scholarship to construct these variables; see Supplementary Appendix for details.

likely than their counterparts to penalize trading partners that are adversaries. Although these analyses are not causally identified, they provide strong suggestive evidence that alternate drivers of policy preferences, such as those rooted in behavioral psychology, do not explain our findings.

Next, to explore the external validity of our study, we turned our attention to India, where geopolitical considerations have routinely been invoked by political elites when discussing foreign economic policy. We replicated our vignette experiment on a sample of Indian respondents recruited from the MTurk platform in April 2016. Our design was identical to the U.S. vignette experiment, save for minor context-specific variations.[41] Table 5 presents the results of the experiment. We draw attention to the striking similarity of the results to our U.S. vignette experiment. When informed that the other country is an "adversary or opponent" rather than an "ally or partner" of India, respondents were significantly less likely to want to trade with the country. They also attached a negative penalty to trade when trade was expected to increase the military size of the partner. However, when trade enhanced the prospects of peace, respondents were much more likely to value trade with the other country.[42] Overall, these results indicate that the effects that we uncover in our U.S. sample appear to resonate among citizens from the world's largest democracy.

Table 5: Replication of Vignette Experiment Among Indian Respondents

	Ally/Adversary Treatment	Military Size Treatment	Peace Treatment	Democracy Treatment
	1	2	3	4
Treatment Effect	-0.186***	-0.097**	0.229***	0.029
	(0.044)	(0.044)	(0.043)	0.044
Constant	0.938***	0.790***	0.710***	0.761***
	(0.215)	(0.216)	0.222	0.220
Controls	Yes	Yes	Yes	Yes
R-Squared	0.048	0.022	0.069	0.012
N	474	474	474	474

Notes: Pre-treatment controls include gender, age, education, religion, race, and income. Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. All significance levels reported using two-tailed tests; note that the military treatment is significant at the 5% level using a one-tailed test.

[41] See Supplementary Appendix for details on the survey wording and design.

[42] Note, however, that the democracy treatment is insignificant in the Indian context.

Finally, we examine whether the trends identified in our experiments have been salient in other time periods by using historical survey and case study evidence from the India-Pakistan, Taiwan-China, and South Korea-North Korea cases (see Supplemental Appendix). We find strong support that citizens routinely think about trade in line with the predictions of our theory, at least when evaluating salient geopolitical rivals. We also find evidence of the generalizability of our effects when we examine the results of our first survey. Respondents were asked whether and why they supported trade with geopolitically salient pairs of countries. We observe that they tend to explain their answers in geopolitical terms, underlining the importance of peace and security externalities in determining their attitudes; the Supplemental Appendix provides further details. This suggests that people think about trade with a variety of partners in the manner we highlight in our theory.

Discussion

This paper revisited two large literatures that can help explain the geopolitical determinants of citizens' attitudes toward trade policy: economic statecraft and interdependence theory. We derived the implications of these theories for public opinion about trade, and adjudicated their relative importance using novel survey experiments in the United States and India. Our surveys demonstrated that individuals routinely evaluate trade in geopolitical terms, and in ways that are consistent with our proposed theoretical framework. When confronting the prospect of trade with a partner, geopolitical factors were highly salient drivers of voters' opinions. Respondents overwhelmingly preferred trade with allies over adversaries, as predicted by the security externalities theory. At the same time, their disapproval of trade with adversaries diminished when they anticipated that trade would serve as a conduit to peace—a result consistent with the liberal peace hypothesis. But a startling feature of our findings was that even when the prospect of peace made trade with an adversary more favorable than before, citizens still preferred to trade with allies. Overall, our results indicate that geopolitical considerations can weigh heavily in the minds of voters, and that while both the security externalities and liberal peace theories are critical determinants of public

opinion on trade, security externalities dominate. That attitudes are more strongly influenced by considerations of economic statecraft suggests that a core assumption in interdependence theory about the role of citizens in linking trade to peace might warrant revisiting.

Nevertheless, there are potential scope conditions to our argument that are worth explicating. For example, issue salience might be an important factor mediating the relationship outlined in this paper. There is ample evidence that the public's concerns about security swayed trade policy outcomes in salient historical cases, such as Cold War relationships (Bailey 2003). But the importance of public opinion for trade policy outcomes in low salience security issues is an open question that future research should confront. One suggestive piece of evidence in this regard comes from our lopsided finding on the importance of security concerns for adversaries relative to allies. This might be because voters attach high degrees of geopolitical salience to adversaries, but view associations with allies in more regular terms. It is also possible that other factors—such as territorial size or proximity, the severity of military threats, or the historical nature of the relationship between adversaries—mediates the salience of geopolitical concerns in the minds of voters. Additionally, public opinion on trade with adversaries might not be static, since perceptions can be influenced by both the character and the actions of the adversary's regime. While our research design is not equipped to explore how temporal variation in perceptions about adversaries in turn influences preferences toward trade, we view this over time variation as an exciting avenue for future research that can help shed light on many important dynamics, such as America's evolving trading relationships with countries such as China, Russia, or Iran.

Our paper makes several contributions both to the international relations scholarship on trade and security, and to public policy debates on global economic cooperation. First, we show that the literature on public opinion on trade policy has missed a key determinant of citizens' attitudes: geopolitics. Our observational surveys demonstrated that at least for some country pairs, such as Russia and the United States or Pakistan and India, geopolitical concerns dwarf economic factors when citizens appraise the overall benefits of trade. These results were bolstered by our experiments, which found that the magnitude of the preference for trade with allies over adversaries was

larger than the preference for trade with democracies and comparable to the proclivity for trade with partners that benefitted respondents' own economies. That public opinion on trade is molded by geopolitical considerations previously unacknowledged in the literature is significant; it might help explain why prior studies have at times registered findings that appear to be incongruent with existing political economy models of the determinants of trade preferences. It also indicates that scholars seeking to understand the role of geopolitics in international economic exchange should pay attention to both the security externalities and peace-inducing features of trade; a sole focus on either mechanism can generate misleading inferences about how trade impacts statecraft. Additionally, and reversing the direction of the relationship, it suggests that the public opinion scholarship on national security policies is potentially missing an important part of the story by ignoring the role of economic cooperation in influencing mass preferences on security relations.

Second, the stickiness of our finding that people prefer to trade with allies over adversaries challenges conclusions in the literature about the malleability of trade preferences. Some scholars argue that trade is perhaps too complex of a policy domain for people to hold firm beliefs about it, and that voters are easily swayed by a host of ever-changing considerations. We document, by contrast, that people have well-established preferences over geopolitics, and that these predilections in turn can create rigid viewpoints on trade policy. An important implication of our findings is that the opening up of trade with adversaries or the closing off of trade with allies can potentially be difficult for governments, since politicians will often face electorates that care deeply about the geopolitical ramifications of these policy shifts. Such an interpretation is consistent with many historical cases in which politicians sought to forge closer trading relations with adversaries but encountered widespread public hostility to their proposed policy platforms. Particularly well-known examples include Nixon's opening of trade with China, which had to be conducted in secret given the vehement public opposition, and Germany and France's efforts to link their economies before World War II; the latter example required a catastrophic war before citizens could be convinced of the peace-inducing benefits of closer economic ties.

Third, our results speak to many contemporary policy debates about trade agreements and pol-

icy negotiations—such as the creation and dismantling of the TTP framework, the U.S.'s opening of trade with Iran, India and Pakistan's plans to lower trade barriers, and others. In each of these cases, geopolitical considerations have weighed heavily in the public eye and have constrained the policy maneuverings of government officials. While existing scholarship offers few guidelines to help make sense of such mass preferences, our paper proposes a simple yet coherent framework to explain these trends. Voters are skeptical of trade with adversaries because they fear geopolitical consequences—in part, because they assume that closer economic linkages will strengthen their rivals. At the same time, an important implication of our findings is that a significant portion of the population responds positively to the idea that trade leads to peace; policymakers seeking to advance trade agreements could thus benefit from clarifying the positive geopolitical consequences of tighter trade linkages. In particular, educating the public about the benefits of trade for enhancing peace can help sway some opinions, in turn building support for economic cooperation with adversaries. More ambitiously, policymakers can consider explicitly designing trade agreements to advance the goal of reducing conflict; it is possible that specific provisions or arrangements in these agreements could be effective at convincing citizens that trade will lead to peace.

Finally, our study points to public opinion as a new area of inquiry that can help explain when and why states are able to cooperate in a global economic order that is characterized by anarchy. Future work can test whether similar dynamics operate in other areas of global cooperation, such as foreign investment and aid, as the core propositions of our argument could apply to a host of additional policy domains related to international economic exchange. Leaders around the world—particularly in democratic societies, but also in authoritarian regimes—are heavily constrained by public opinion. Thus, even when leaders wish to cooperate, they may find it difficult to do so because their citizens are preoccupied with the negative geopolitical repercussions of economic integration. Cooperation between adversaries may therefore require far-reaching shifts in domestic public opinion—arising from regime change, demographic shifts, public education campaigns, or a host of other interventions—that future research should consider.

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Public Opinion on Geopolitics and Trade: Theory and Evidence

Appendix of Supporting Information

(Not for publication)

A Formal Illustration of Geopolitics and Trade

As the discussion in our manuscript makes clear, insights derived from the liberal peace theory challenge the central tenets of the economic statecraft literature. How can we reconcile the two sets of ideas? We argue that both concerns can occur simultaneously in people's minds, illustrating one particularly plausible scenario by adapting the basic model found in Gowa and Mansfield (1993) and Gowa (1994). In particular, we contend that trade has two, potentially countervailing effects on a country's security: it can affect not only a country's ability to win a war were conflict to break out *but also* the probability of war erupting in the first place. Thus, we argue that to fully understand the relationship between geopolitics and trade, trade's effects on security must be decomposed into these two constituent parts.

We start with the classic model found in Gowa and Mansfield (1993), which supplements a basic prisoner's dilemma by modeling additional disutility from trading with an adversary and additional utility from trading with an ally. The disutility from trading with an adversary is a function of the adversary's gains from trade and is "based in part on what Robert Powell has described as a 'very simple, highly stylized assumption about the nature of warfare': that is, the 'stronger a state is economically, the more likely it is to prevail in war"' (Gowa and Mansfield 1993, 410). However, this model does not consider trade's ability to affect the probability of war breaking out in the first place.

Therefore, we begin with this modified prisoner's dilemma, but we further alter the stage game to include the possibility of war between adversaries in a second period. In our set-up, states first choose whether to cooperate through free trade or to defect by imposing trade protection, as in the standard game. However, after making this choice, war breaks out with some probability. Like Gowa and Mansfield (1993), we consider a grim trigger strategy, so that if a state defected in the first period, both states defect in the second period and in each subsequent stage game. If a war erupts, there is some probability that a particular side wins, and then the stage game repeats itself.

States gain utility over the resources they obtain from trade Θ and from winning the war W (disutility from losing the war is normalized to zero), and lose utility from the cost of fighting a

war C. If both states cooperate, each gains R from trade in that period; if one defects, the defector obtains T and the cooperator receives S in that period; and if both defect, each receives P in that period. Thus, $\Theta \in R, T, S, P$.

While states are the strategic actors in the game, since only governments can formulate trade policy, we expect that citizens' utilities are influenced by similar components. When trade cooperation occurs, citizens on average benefit from the gains from trade, as they receive cheaper prices on goods and experience other economic benefits.[1] Further, citizens pay a cost from fighting wars, whether through forfeited tax revenues that could have been spent on public services or through conscription or war casualties, etc. Citizens also obtain utility from winning wars, since they experience economic benefits from wartime settlements as well as other moral gains, and are at the very least able to avoid the significant costs entailed in losing wars to adversaries. Adapting this model of state behavior thus allows us to decompose the factors that comprise citizens' utilities, and to subsequently investigate how they evaluate these tradeoffs when trading with adversaries.

Because both theories predict that states desire trade with allies, we examine the more interesting case of trade between adversaries first. If a war breaks out, state i's probability of winning is given by q (and state j's probability by $1-q$), which depends on the resources of both states. There are thus four possible probabilities: $q(R_i, R_j)$, $q(P_i, P_j)$, $q(S_i, T_j)$ and $q(T_i, S_j)$. Further, the more trade that i engages in, the more likely it is to win the war, all else equal. This occurs because trade increases the efficiency with which states use resources, freeing up additional resources for military purposes as in Gowa and Mansfield (1993).

Thus, citizens benefit from their state obtaining relatively more wealth through trade, but suffer from their adversary doing the same. If both adversaries increase trade with each other, the citizens of the state that increases trade the most gain a benefit in terms of the probability of victory. If trade between adversaries increases in equal amounts, the effect washes out and the probability of war is simply the baseline probability. Thus, the probability of victory is greater the more resources the state has and the fewer its partner has—formally, $q_{\Theta_i}(\Theta_i, \Theta_j) \geq 0$ and $q_{\Theta_j}(\Theta_i, \Theta_j) < 0$.

[1] Of course, trade creates economic winners and losers, but to highlight the broader geopolitical tradeoffs that are at the heart of our investigation we do not incorporate such nuances here.

A second effect of economic exchange is that the more trade increases between adversaries, the lower is the probability of war breaking out in the first place. This occurs because trade can provide benefits that are destroyed by war, and it can foster interactions and understanding, as argued by proponents of the liberal peace. The probability that war breaks out, denoted p, is thus a function of whether the adversaries cooperate in their trade relations or not, such that $p_{\Theta_i}(\Theta_i, \Theta_j) \geq 0$ and $p_{\Theta_j}(\Theta_i, \Theta_j) \geq 0$. There are then four possible probabilities: citizens receive $p(R_i, R_J)$ if the adversaries cooperate in the first period, $p(P_i, P_J)$ if the adversaries defected previously, $p(T_i, S_J)$ if one of the adversaries defected in the first period, and $p(S_i, T_J)$ if the other adversary defected in the first period.

If adversaries cooperate, citizens in state i therefore receive: $R_i + p(R_i, R_j)[q(R_i, R_j)W - C]$. However, if i defects against an adversary, its citizens receive: $T_i + p(T_i, S_j)[q(T_i, S_j)W - C]$ in the first stage, and $P_i + p(P_i, P_j)[q(P_i, P_j)W - C]$ in each subsequent stage. These payoffs are summarized in Appendix Table 1.

Citizens of state i therefore favor cooperation with an adversary when the payoff from cooperation is greater than the payoff from defection, or when:

$$\frac{R_i + p(R_i, R_j)[q(R_i, R_j)W - C]}{1 - \delta} \geq$$
$$T_i + p(T_i, S_j)[q(T_i, S_j)W - C] + \frac{\delta[P_i + p(P_i, P_j)[q(P_i, P_j)W - C]]}{1 - \delta}.$$

As the equation makes clear, when the probability of victory associated with defection $(q(T_i, S_j), q(P_i, P_j))$ for state i increases, the citizens of state i are more likely to support this action, whereas when the probability of victory associated with cooperation $(q(R_i, R_j))$ increases for i, the citizens of state i become more likely to favor cooperation. Thus, as in Gowa and Mansfield (1993), **if trade increases the partner's military capabilities, the citizens of state i are less likely to favor free trade, all else equal.**[2]

[2]The model predicts that the relative military build-up allowed by trade matters for public opinion; however, we seek a clean test of Gowa and Mansfield (1993)'s model and thus focus on the prediction regarding the effect of trade on the other state's military capabilities.

However, the model also suggests a countervailing effect on support for trade with an adversary. In particular, when the probability of war associated with cooperation $p(R_i, R_j)$ decreases, citizens of state i are more likely to desire cooperation as long as the utility associated with fighting the war is less than the cost of fighting it, or $q(R_i, R_j)W < C$. (The converse is also true.) Relatedly, if the probability of war associated with defection increases, citizens of i are more likely to prefer to cooperate, again when the utility of fighting is less than the cost of fighting, and vice versa. Put differently, **as long as citizens in i would rather not fight a war, if trade increases the probability of peace, these citizens favor increasing trade with their adversary.** These predictions are summarized in Appendix Table 3.

Note that these calculations show that, unlike the conclusion in Gowa and Mansfield (1993), citizens of states in an adversarial relationship sometimes receive additional utility from trading with each other. Whether or not this is true depends on how much they expect trade to decrease the probability of war, and how much they value this outcome. Trade with adversaries thus has countervailing effects: citizens benefit from the reduced probability of war that may result from trade between their state and a rival, but lose from the resources their country's adversary derives for use in such a war, were it to break out.

Trade Between Allies

Consider how the game between allies is played. The game precedes as before, but with a slight modification: Now, if a war breaks out, it occurs between the two allies on one side and an adversary on the other. Thus, trade between the allies does not affect the probability of war, so the probability of war breaking out is simply p.[3] Instead, trading only has one effect on the war: it increases the probability that the allies defeat the adversary, or $q_{\Theta_i}(\Theta_i, \Theta_j) \geq 0$ and $q_{\Theta_j}(\Theta_i, \Theta_j) \geq 0$. There are thus four possible probabilities: $q(R_i, R_j)$ and $q(P_i, P_j)$, $q(S_i, T_j)$ and $q(T_i, S_j)$.

If allies cooperate, they receive: $R_i + p[q(R_i, R_j)W - C]$. However, if a state defects against

[3]The game could be modified such that trade increases the probability of war due to the deterrent effect that trade between allies has on an adversary. However, we abstract away from effects on deterrence to focus on our two theoretical mechanisms of interest.

an ally, it receives $T_i + p[q(T_i, S_j)W - C]$ in the first stage, and $P_i + p[q(P_i, P_j)W - C]$ in each subsequent stage. These payoffs are summarized in Table 2.

Player i cooperates with an ally when the payoff from cooperation is greater than the payoff from defection, or when:

$$\frac{R_i + p[q(R_i, R_j)W - C]}{1-\delta} \geq$$
$$T_i + p[q(T_i, S_j)W - C] + \frac{\delta[P_i + p[q(P_i, P_j)W - C]]}{1-\delta}.$$

As the equation shows, changes in the probability of victory have the same impact as in the game between adversaries: when the probability of victory associated with cooperation ($q(R_i, R_j)$) increases for player i, i becomes more likely to cooperate, and the same is true for the probability of defection. However, unlike the game between adversaries, the probability of victory now represents the probability that the two trade partners are victorious in a war with an adversary. Thus, if we assume that trade has an overall positive impact on the joint economies – and therefore militaries – of the allies, the probability of victory increases as a result of cooperation and decreases as a result of defection. The net result is that, as in Gowa and Mansfield (1993), **when trade increases an ally's military, state i supports trade with that partner.**

Now consider the impact of the probability of war. When p is higher, this variable has a positive impact on allies' desire to trade with each other when trade increases their probability of victory, or when $\delta q(P_i, P_j) + (1-\delta)q(T_i, S_j) < q(R_i, R_j)$; otherwise an increase in p decreases the desire to trade. However, since we have just assumed that this is the case, an increase in the probability of war leads allies to desire trade more. Put differently, **a greater outside threat increases state i's support for engaging in trade with an ally.** These predictions are summarized in Appendix Table 3.

Table 1: Trade with Adversaries: Payoff Matrix

		Country j: Cooperate	**Country** j: Defect
Country i	Cooperate	$R_j + p(R_i,R_j)[(1-q(R_i,R_j))W - C]$ $R_i + p(R_i,R_j)[q(R_i,R_j)W - C]$	$T_j + p(S_i,T_j)[(1-q(S_i,T_j))W - C]$ $S_i + p(S_i,T_j)[q(S_i,T_j)W - C]$
	Defect	$S_j + p(T_i,S_j)[(1-q(T_i,S_j))W - C]$ $T_i + p(T_i,S_j)[q(T_i,S_j)W - C]$	$P_j + p(P_i,P_j)[(1-q(P_i,P_j))W - C]$ $P_i + p(P_i,P_j)[q(P_i,P_j)W - C]$

Table 2: Trade with Allies: Payoff Matrix

		Country j: Cooperate	**Country** j: Defect
Country i	Cooperate	$R_j + p[q(R_i,R_j)W - C]$ $R_i + p[q(R_i,R_j)W - C]$	$T_j + p[q(S_i,T_j)W - C]$ $S_i + p[q(S_i,T_j)W - C]$
	Defect	$S_j + p[q(T_i,S_j)W - C]$ $T_i + p[q(T_i,S_j)W - C]$	$P_j + p[q(P_i,P_j)W - C]$ $P_i + p[q(P_i,P_j)W - C]$

Table 3: Summary of Conditions to Prefer Trade

With Adversaries		With Allies	
Variable	Condition	Variable	Condition
$q(P_i,P_j)$	$\downarrow$	$q(P_i,P_j)$	$\downarrow$
$q(T_i,S_j)$	$\downarrow$	$q(T_i,S_j)$	$\downarrow$
$q(R_i,R_j)$	$\uparrow$	$q(R_i,R_j)$	$\uparrow$
$p(P_i,P_j)$	$\uparrow$ when $q(P_i,P_j)<C$	p	$\uparrow$, when $\delta q(P_i,P_j)+(1-\delta)q(T_i,S_j) < q(R_i,R_j)$
	$\downarrow$ when $q(P_i,P_j)>C$		
$p(T_i,S_j)$	$\uparrow$ when $q(T_i,S_j)<C$		
	$\downarrow$ when $q(T_i,S_j)>C$		$\downarrow$, when $\delta q(P_i,P_j)+(1-\delta)q(T_i,S_j) > q(R_i,R_j)$
$p(R_i,R_j)$	$\uparrow$ when $q(R_i,R_j)>C$		
	$\downarrow$ when $q(R_i,R_j)<C$		

Geopolitics and Trade in the United States and India

As mentioned in the main text, political rhetoric and public discourse in both the United States and India suggest that both countries think about trade in the manner outlined by our predictions derived from the formal model. Consider each country in turn.

Geopolitics and Trade in the United States

As one of the principal architects of the global system of trade, the U.S. has grappled with decisions over which countries to foster free trade with and which to shut out from its global trading networks. At key moments, such decisions have generated considerable controversy, frequently as a result of the dynamics we identify. For example, arguments about whether trade would strengthen adversaries or promote peace featured centrally in U.S. foreign policy discourse over trade with the Soviet Union and other adversaries during the Cold War, as well as with trade with Germany and Japan after World War II (Carnegie 2015). Consider, for instance, the debate that ensued in 2001 over whether to allow China to join the WTO, which would lead to free trade between the U.S. and China. China is seen as one of the U.S.'s principal adversaries and competitors; in line with our theoretical framework, the terms of the debate regarding trade with China focused squarely around the geopolitical issues that lie at the heart of our theory.

More specifically, in the run-up to China's WTO entry, the U.S. Congress debated whether to grant China permanent MFN status, which would solidify free trade between the two countries. Arguments for and against free trade with China followed the pattern we identify. Critics argued that trade with China would build up China's military might, which could harm the U.S. if a conflict were to break out. For instance, after China's WTO entry, a report by the China Commission—which was set up to monitor China following its WTO entry—concluded, "America's policy of economic engagement with China rests on a belief that...a more prosperous China will be a more peaceful country." However, the report went on to state, "Many leading experts are convinced that certain aspects of our policy of engagement have been a mistake....and that we are strengthening

a country that could challenge us economically, politically and military." It continued, "China's leaders...often describe the United States as China's long-term competitor for regional and global military and economic influence." Because of China's adversarial position relative to the U.S., the report flagged that "current U.S. policies and laws fail to adequately monitor the transfers of economic resources and security-related technologies to China" and that trade has led "to China's economic growth and military modernization." The report recommended that Congress therefore invoke Article XXI of the GATT, which would allow the U.S. to restrict trade with China under the WTO's national security exception, among other similar measures to limit trade.[4]

However, those in favor of promoting trade with China thought that doing so would lead to peace. For example, Senator Grassley stated, "I believe we should approve permanent normal trade relations for China...[because] history also shows that free and open trade is one of the most effective ways to keep the peace." He argued that this was particularly important due to his belief that "many of these disputes and tensions will involve...both China and the United States."[5] Similarly, an article from the *Wall Street Journal* that was read into the Congressional Record summarized the Clinton administration's stance on China's WTO entry. It stated that the administration presumed that joining the institution would provide a "peace dividend," explaining that trade would "empower a bloc of interests favoring outward-oriented growth and the conditions required to secure it, including peace." Further, "dependent on...Western commerce, China would reconsider military adventurism as too costly and counterproductive."[6] It is striking that the key theoretical tensions that we highlighted in our theoretical framework are precisely the considerations that featured in political debate over the U.S.'s decision to normalize trade with China.

[4]"U.S.-China Security Review Commission Annual Report." Senate July 17, 2002. 107th Congress, 2nd Session. Issue: Vol. 148, No. 97.

[5]Grassley, Charles. "Why China Should Join the WTO." Congressional Record, Volume 146 (2000), Part 2. Senate. Page 1505.

[6]September 13, 2000. Congressional Record- Senate. Page 17913. "Jiang Muddies the Waters." September 12, 2000. *Wall Street Journal*.

Geopolitics and Trade in India

Similar forms of geopolitical rhetoric have preoccupied public policy debate over trade between India and Pakistan. For example, both nations have long been embroiled in controversies over whether to extend to each other the "Most-Favored Nation" (MFN) trading status and whether to implement preferential trading arrangements—which would allow individuals and firms across the historically adversarial nations to trade directly instead of utilizing indirect paths that carry high transportation costs.[7] Proponents argue that trade cooperation would lead to peace. A Member of Parliament argued in 1999, for instance, that "the peace dividend" from a preferential trading arrangement "would accrue to us from improved relations between our two countries" and would lead "to a radical change in our environment leading to the elimination of terrorism altogether."[8] In a similar vein, a Commerce Ministry official disclosed that "we have told Pakistan that granting the MFN status to India is not so much about boosting trade, but is an important political symbol that the two countries want to work together and improve trade ties which can help create an environment for...resolving other contentious issues over time."[9] Diplomatic observers have also noted that "trade appeared to be the low-hanging fruit for stakeholders on both sides of the border, who hoped that better economic relations would pave the way for political stability and normalized relations between the two countries."[10] Similar viewpoints are frequently espoused by officials in Pakistan too, who have argued that "when the two countries trade more with each other, there will be a strong will and compulsion to improve relations" geopolitically.[11]

However, opponents argue that trade would provide military advantages to the other partner, an outcome which they seek to avoid. Indeed, India's views on free trade with Pakistan has repeatedly taken a negative turn in the aftermath of terrorist attacks tied to Pakistani militants or

[7] Without MFN, traders must route their goods through other countries like Dubai, for example.

[8] Sengupta, Arjun. "A Win-Win Situation: Potential Benefits of Indo-Pak Friendship." *The Times of India.* September 25, 1999.

[9] Dhoot, Vikas. "Indo-Pak Free Trade Agreement: Govt seeks fresh road map from Pakistan." *The Economic Times.* May 16, 2013.

[10] Sattar, Huma. "India-Pakistan: The Curious Case of the MFN Status." *The Diplomat.* February 14, 2015.

[11] Prasad, Rachita. "Traders Hope 'Yeh Dosti' will Double Trade across Borders." *The Economic Times.* May 29, 2014.

alleged to be condoned by the Pakistani intelligence agencies. After a recent terrorist attack in which 140 schoolchildren were killed, for example, India curtailed trade with Pakistan because the Indian government was loath to further empower the Pakistani military.[12] As Zaidi (2004) summarizes pithily, "the constraints to better regional integration and free trade are more political than economic, and there are no real economic arguments for not trading with each other"; but the constant elevation of political tensions between both nations tend to bring efforts at liberalizing their economies "back to square one." Thus, at least on the surface, the geopolitics and trade tradeoffs that we highlight in our theoretical framework appear endemic—bedeviling global superpowers and regional powers, territorially contiguous and non-contiguous dyads, and richer and poorer nations alike.

[12]Sattar, Huma. "India-Pakistan: The Curious Case of the MFN Status." *The Diplomat.* February 14, 2015.

Tests of Covariate Balance (Vignette Experiment) I

	Treatment:					
	Adversary Treatment			Military Treatment		
	Ally	Adversary	Diff. (col. 1–2)	Does Not Benefit	Military Benefits	Diff. (col. 4–5)
	(1)	(2)	(3)	(4)	(5)	(6)
Respondent characteristics						
Age	35.77	35.50	0.268	35.44	35.83	-0.383
			(0.646)			(0.646)
Education	4.30	4.21	0.094	4.28	4.23	0.057
			(0.072)			(0.431)
Religion	4.19	4.32	-0.130	4.18	4.32	-0.140
			(0.135)			(0.135)
Race	1.37	1.41	-0.043	1.41	1.37	0.047
			(0.060)			(0.060)
Income	4.79	4.71	0.074	4.77	4.73	0.037
			(0.131)			(0.131)
N	605	603		605	603	

Notes: Columns 1, 2, 4, and 5 report the group means of the covariates under different treatment conditions. Columns 3 and 6 display the results of two-sided t-tests between the treatment conditions, assuming unequal variances.

Tests of Covariate Balance (Vignette Experiment) II

	Treatment:					
	Peace Treatment			Democracy Treatment		
	Does Not Help	Helps Peace	Diff. (col. 1–2)	Not Democracy	Is Democracy	Diff. (col. 4–5)
	(1)	(2)	(3)	(4)	(5)	(6)
Respondent characteristics						
Age	35.43	35.84	-0.404	35.42	35.85	-0.431
			(0.646)			(0.646)
Education	4.21	4.30	-0.083	4.23	4.27	-0.045
			(0.072)			(0.072)
Religion	4.12	4.38	-0.260	4.45	4.05	0.407
			(0.135)			(0.134)
Race	1.35	1.44	-0.090	1.37	1.41	-0.037
			(0.060)			(0.060)
Income	4.69	4.80	-0.108	4.69	4.81	-0.119
			(0.131)			(0.131)
N	606	602		608	600	

Notes: Columns 1, 2, 4, and 5 report the group means of the covariates under different treatment conditions. Columns 3 and 6 display the results of two-sided t-tests between the treatment conditions, assuming unequal variances.

Table 4: Treatments in Conjoint Experiment

Attributes	Values
Country government type	Democracy Not a democracy
Country current military size	One quarter the size of the American military One third the size of the American military One half the size of the American 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
Impact of trade on the US economy	Helps a little Neither helps nor hurts Hurts a little

Table 5: Conjoint Experiment: Effect of Trade Partner's Attributes on Support for Free Trade

	Treatment Effect in Full Sample
Other Country's Government Type	
Baseline: Not a democracy	
Democracy	0.128***
	(0.009)
Other Country's Alliance with America	
Baseline: Ally	
Adversary	-0.274***
	(0.013)
Current Military Size of Other Country	
Baseline: A little smaller than the American military	
Much Smaller	0.027***
	(0.008)
Increase in Size of Other Country's Military	
Baseline: No change in size	
A little	-0.038***
	(0.011)
A lot	-0.168***
	(0.011)
Change in Likelihood of Conflict	
Baseline: Likelihood stays the same	
Decreases a little	0.081***
	(0.012)
Decreases a lot	0.184***
	(0.013)
Impact of Trade on U.S. Economy	
Baseline: Helps a little	
Neither helps nor hurts	-0.107***
	(0.010)
Hurts a little	-0.270***
	(0.011)
Constant	0.757***
	(0.014)
R-Squared	0.131
N	12,080

Notes: Robust standard errors clustered by respondent in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Construction of Variables and Results of Sub-Group Analyses

- Hawks versus Doves: We followed Herrmann and Keller (2004, 565) to construct this variable.[13] Respondents were asked whether they agreed or disagreed with the following statements: (a) The best way to ensure world peace is through military strength; (b) It is fine for our country to use force when dealing with international problems; (c) Rather than simply reacting to our enemies, it's better for us to strike first; (d) Generally, the more influence our nation has on other nations, the better off they are. Respondents scoring above the average level of agreement were classified as hawks.

- Liberals versus Conservatives: This variable was constructed based on a five-point scale set of responses, ranging from "very conservative" to "very liberal."

- Republicans versus Democrats: This variable was constructed based on a five-point scale set of responses, ranging from "strong Republican" to "strong Democrat."

- Ethnocentrism: We followed Mansfield and Mutz (2009, 439) to construct this measure.[14] Respondents were asked to rate four groups (Physicians, Blacks, Whites, and Hispanic-Americans) on seven-point scale measures for "Hard Working–Lazy," "Efficient–Wasteful," and "Trustworthy–Untrustworthy." We then defined ethnocentrism as the difference between the mean attributed to the in-group and the average of the means attributed to the two other racial out-groups.

- Nationalism: Following Mansfield and Mutz (2009, 439), this variable was constructed as an average response on a five-point scale to the following three statements: "In the United States, our people are not perfect, but our culture is superior to others"; "I would rather be a citizen of America than of any other country in the world"; and, "The world would be a better place if people from other countries were more like Americans."

[13] Herrmann, Richard and Jonathan Keller. 2004. "Beliefs, Values, and Strategic Choice: U.S. Leaders' Decisions to Engage, Contain, and Use Force in an Era of Globalization." *Journal of Politics* 66(2):557-580.

[14] Mansfield, Edward D and Diana C Mutz. 2009. "Support for free trade: Self-interest, sociotropic politics, and out-group anxiety." *International Organization* 63(03):425-457.

- Isolationism: This variable was constructed as an average response on a five-point scale to the following two statements Mansfield and Mutz (2009, 439): "The U.S. needs to play an active role in solving conflicts around the world"; and "The U.S. government should just try to take care of the wellbeing of Americans and not get involved with other nations."

- Internationalism: Following Herrmann and Keller (2004, 565) , we asked individuals if they agreed or disagreed with the following two statements: "America needs to cooperate more with the United Nations in settling international disputes"; and "It is essential for the United State to work with other nations to solve problems such as over-population, hunger and pollution."

- Interest in foreign affairs: This variable was coded based on responses to the question, "How interested are you in information about what's going on in foreign affairs?" Responses ranged from "very interested" to "not interested at all."

Figure 1

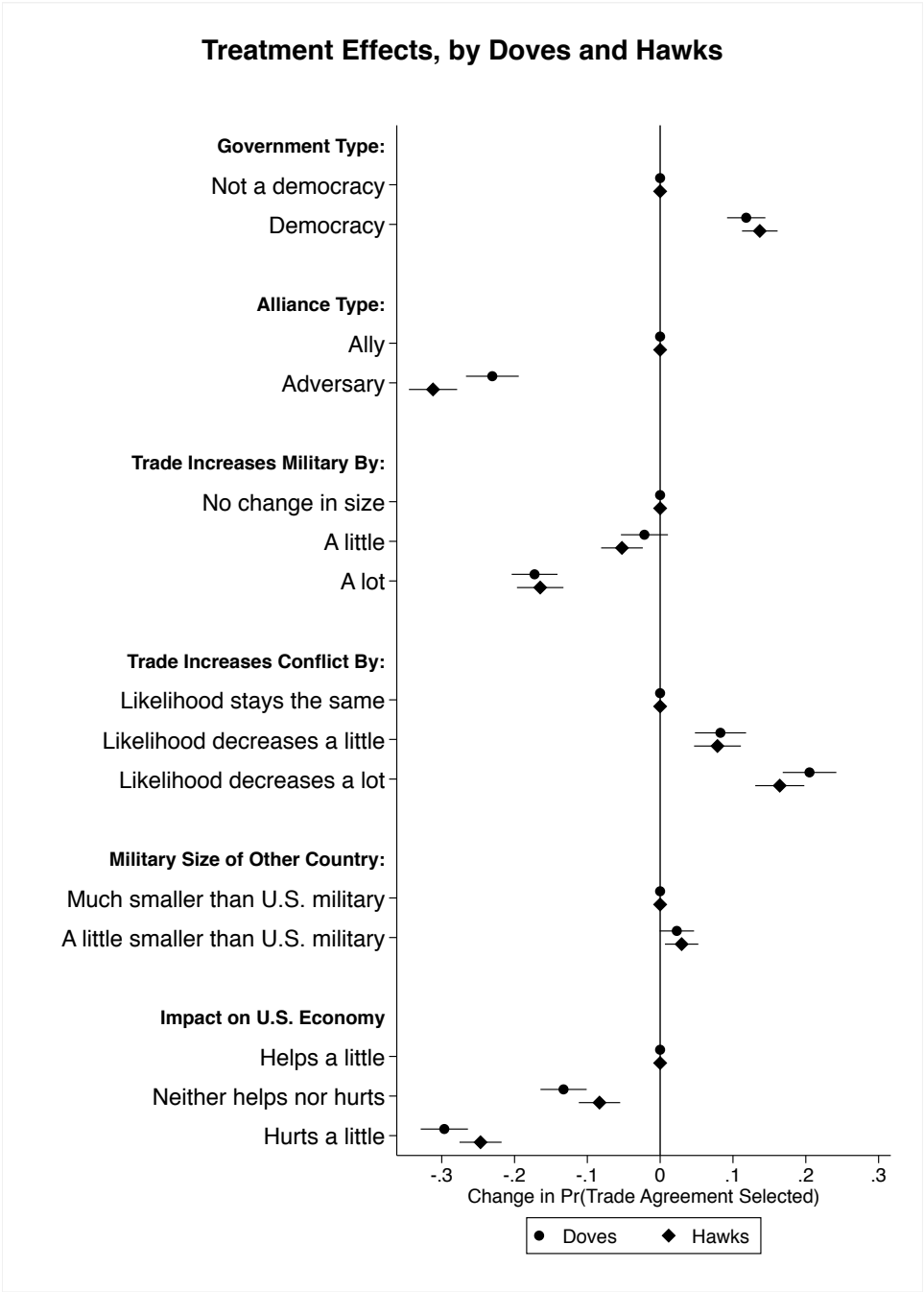

Treatment Effects, by Doves and Hawks
Government Type:
Not a democracy
Democracy
Alliance Type:
Ally
Adversary
Trade Increases Military By:
No change in size
A little
A lot
Trade Increases Conflict By:
Likelihood stays the same
Likelihood decreases a little
Likelihood decreases a lot
Military Size of Other Country:
Much smaller than U.S. military
A little smaller than U.S. military
Impact on U.S. Economy
Helps a little
Neither helps nor hurts
Hurts a little
-.3
-.2
-.1
0
.1
.2
.3
Change in Pr(Trade Agreement Selected)
Doves
Hawks

Figure 2

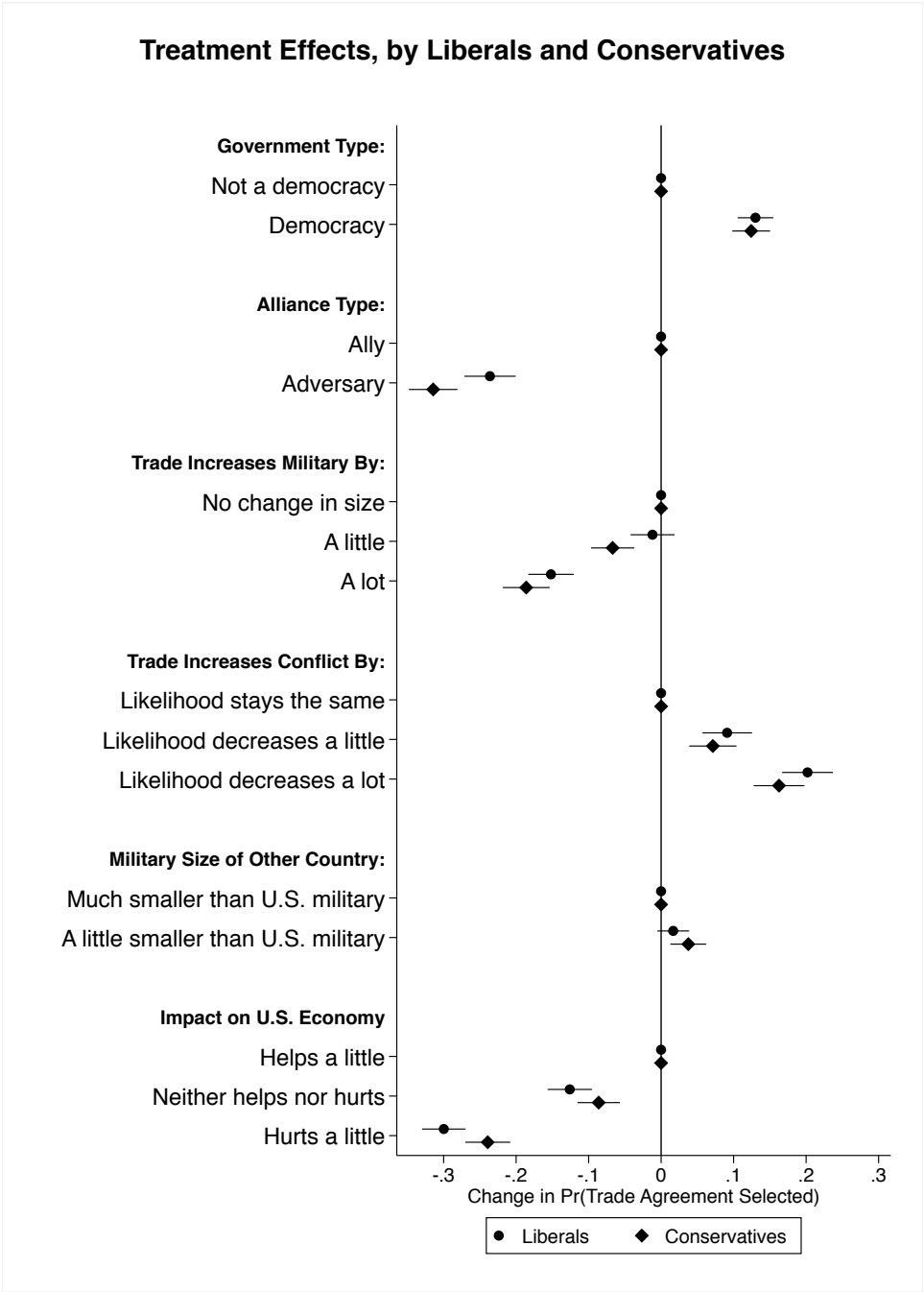

Treatment Effects, by Liberals and Conservatives
Government Type:
Not a democracy
Democracy
Alliance Type:
Ally
Adversary
Trade Increases Military By:
No change in size
A little
A lot
Trade Increases Conflict By:
Likelihood stays the same
Likelihood decreases a little
Likelihood decreases a lot
Military Size of Other Country:
Much smaller than U.S. military
A little smaller than U.S. military
Impact on U.S. Economy
Helps a little
Neither helps nor hurts
Hurts a little
-.3
-.2
-.1
0
.1
.2
.3
Change in Pr(Trade Agreement Selected)
Liberals
Conservatives

Figure 3

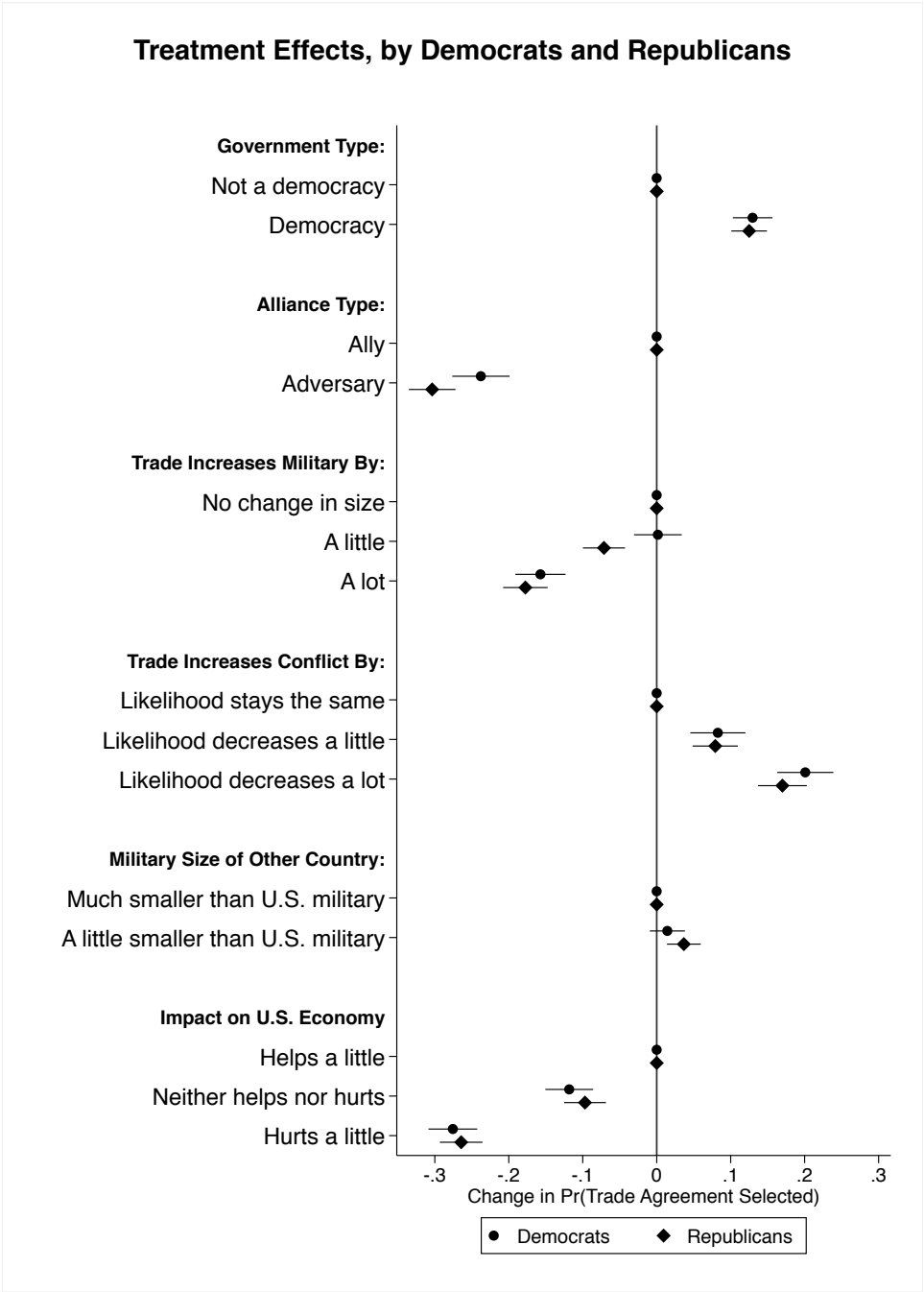

Treatment Effects, by Democrats and Republicans
Government Type:
Not a democracy
Democracy
Alliance Type:
Ally
Adversary
Trade Increases Military By:
No change in size
A little
A lot
Trade Increases Conflict By:
Likelihood stays the same
Likelihood decreases a little
Likelihood decreases a lot
Military Size of Other Country:
Much smaller than U.S. military
A little smaller than U.S. military
Impact on U.S. Economy
Helps a little
Neither helps nor hurts
Hurts a little
-.3
-.2
-.1
0
.1
.2
.3
Change in Pr(Trade Agreement Selected)
Democrats
Republicans

Table 6: Effect of Trade Partner's Attributes on Support for Free Trade

	Effect Among Doves	Effect Among Hawks
Other Country's Government Type		
Baseline: Not a democracy		
Democracy	0.118***	0.137***
	(0.013)	(0.012)
Other Country's Alliance with America		
Baseline: Ally		
Adversary	-0.230***	-0.312***
	(0.018)	(0.017)
Current Military Size of Other Country		
Baseline: A little smaller than the American military		
Much Smaller	0.023*	0.029**
	(0.012)	(0.012)
Increase in Size of Other Country's Military		
Baseline: No change in size		
A little	-0.022	-0.052***
	(0.016)	(0.015)
A lot	-0.172***	-0.165***
	(0.016)	(0.016)
Change in Likelihood of Conflict		
Baseline: Likelihood stays the same		
Decreases a little	0.083***	0.079***
	(0.018)	(0.016)
Decreases a lot	0.205***	0.164***
	(0.019)	(0.017)
Impact of Trade on U.S. Economy		
Baseline: Helps a little		
Neither helps nor hurts	-0.133***	-0.083***
	(0.016)	(0.014)
Hurts a little	-0.296***	-0.247***
	(0.016)	(0.015)
Constant	0.740***	0.772***
	(0.021)	(0.018)
R-Squared	0.133	0.135
N	5,650	6,430

Notes: Robust standard errors clustered by respondent in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. To construct a measure of relative hawkishness, we asked respondents to what extent they agreed or disagreed with four statements: "the best way to ensure world peace is through military strength"; "it is fine for our country to use force when dealing with international problems"; "rather than simply reacting to our enemies, it's better for us to strike first"; "generally, the more influence our nation has on other nations, the better off they are." Based on respondents' agreement with these sentences, we created a five-point index and classified those above the mean level of agreement as hawks and those below the mean level of agreement as doves.

Table 7: Effect of Trade Partner's Attributes on Support for Free Trade

	Effect Among Liberals	Effect Among Conservatives
Other Country's Government Type		
Baseline: Not a democracy		
Democracy	0.130***	0.124***
	(0.013)	(0.013)
Other Country's Alliance with America		
Baseline: Ally		
Adversary	-0.236***	-0.314***
	(0.018)	(0.017)
Current Military Size of Other Country		
Baseline: A little smaller than the American military		
Much Smaller	0.017	0.038***
	(0.011)	(0.013)
Increase in Size of Other Country's Military		
Baseline: No change in size		
A little	-0.012	-0.067***
	(0.015)	(0.015)
A lot	-0.152***	-0.186***
	(0.016)	(0.016)
Change in Likelihood of Conflict		
Baseline: Likelihood stays the same		
Decreases a little	0.091***	0.071***
	(0.017)	(0.017)
Decreases a lot	0.202***	0.163***
	(0.018)	(0.018)
Impact of Trade on U.S. Economy		
Baseline: Helps a little		
Neither helps nor hurts	-0.126***	-0.086***
	(0.016)	(0.015)
Hurts a little	-0.300***	-0.239***
	(0.015)	(0.016)
Constant	0.725***	0.791***
	(0.020)	(0.019)
R-Squared	0.132	0.137
N	6,290	5,790

Notes: Robust standard errors clustered by respondent in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 8: Effect of Trade Partner's Attributes on Support for Free Trade

	Effect Among Democrats	Effect Among Republicans
Other Country's Government Type		
Baseline: Not a democracy		
Democracy	0.130***	0.125***
	(0.014)	(0.012)
Other Country's Alliance with America		
Baseline: Ally		
Adversary	-0.238***	-0.304***
	(0.020)	(0.016)
Current Military Size of Other Country		
Baseline: A little smaller than the American military		
Much Smaller	0.014	0.037***
	(0.012)	(0.012)
Increase in Size of Other Country's Military		
Baseline: No change in size		
A little	0.002	-0.071***
	(0.016)	(0.015)
A lot	-0.157***	-0.178***
	(0.017)	(0.015)
Change in Likelihood of Conflict		
Baseline: Likelihood stays the same		
Decreases a little	0.083***	0.079***
	(0.019)	(0.016)
Decreases a lot	0.201***	0.170***
	(0.019)	(0.017)
Impact of Trade on U.S. Economy		
Baseline: Helps a little		
Neither helps nor hurts	-0.118***	-0.097***
	(0.016)	(0.014)
Hurts a little	-0.276***	-0.264***
	(0.016)	(0.015)
Constant	0.717***	0.790***
	(0.021)	(0.018)
R-Squared	0.128	0.138
N	5,460	6,620

Notes: Robust standard errors clustered by respondent in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Figure 4

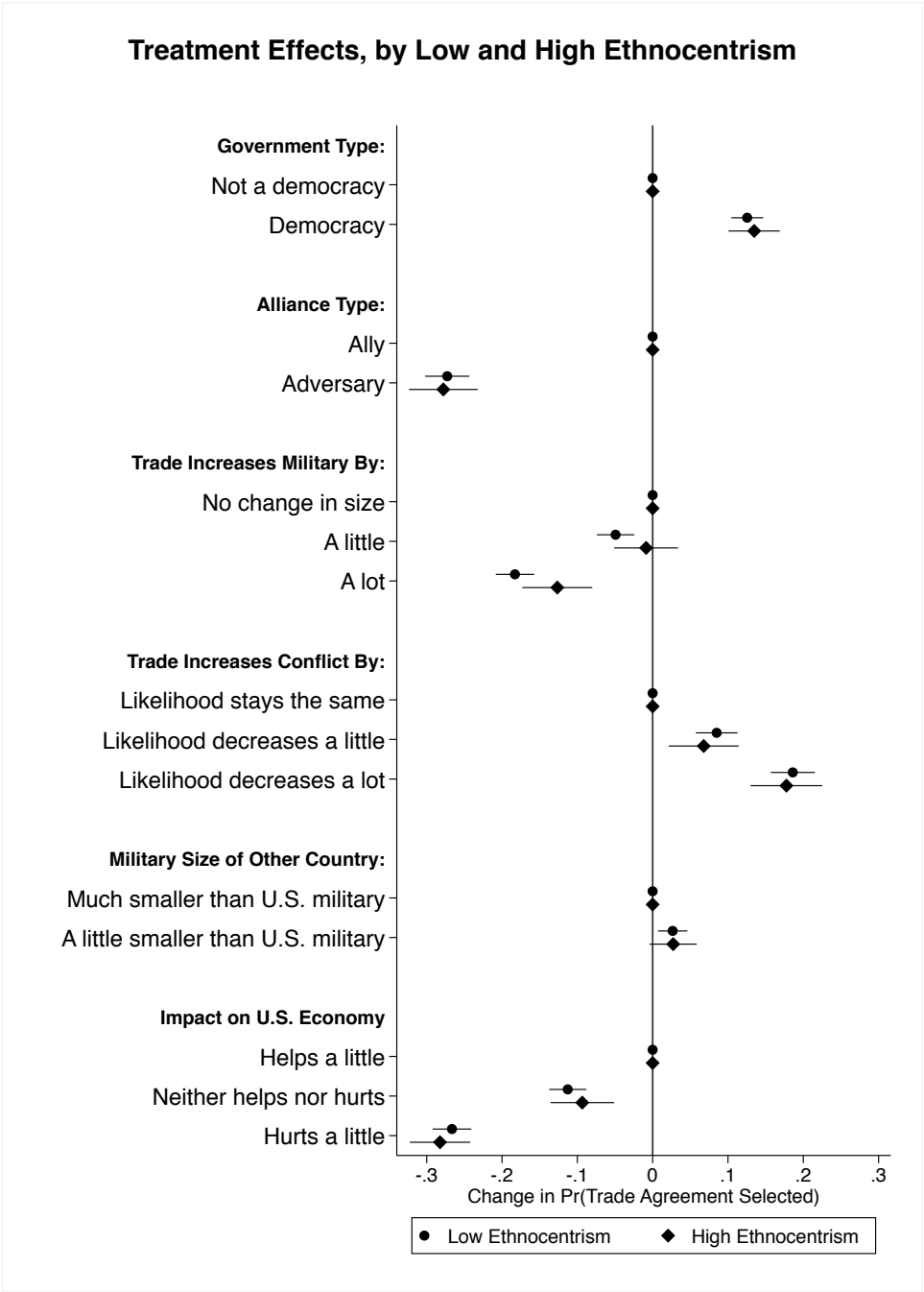

Treatment Effects, by Low and High Ethnocentrism
Government Type:
Not a democracy
Democracy
Alliance Type:
Ally
Adversary
Trade Increases Military By:
No change in size
A little
A lot
Trade Increases Conflict By:
Likelihood stays the same
Likelihood decreases a little
Likelihood decreases a lot
Military Size of Other Country:
Much smaller than U.S. military
A little smaller than U.S. military
Impact on U.S. Economy
Helps a little
Neither helps nor hurts
Hurts a little
-.3
-.2
-.1
0
.1
.2
.3
Change in Pr(Trade Agreement Selected)
Low Ethnocentrism
High Ethnocentrism

Figure 5

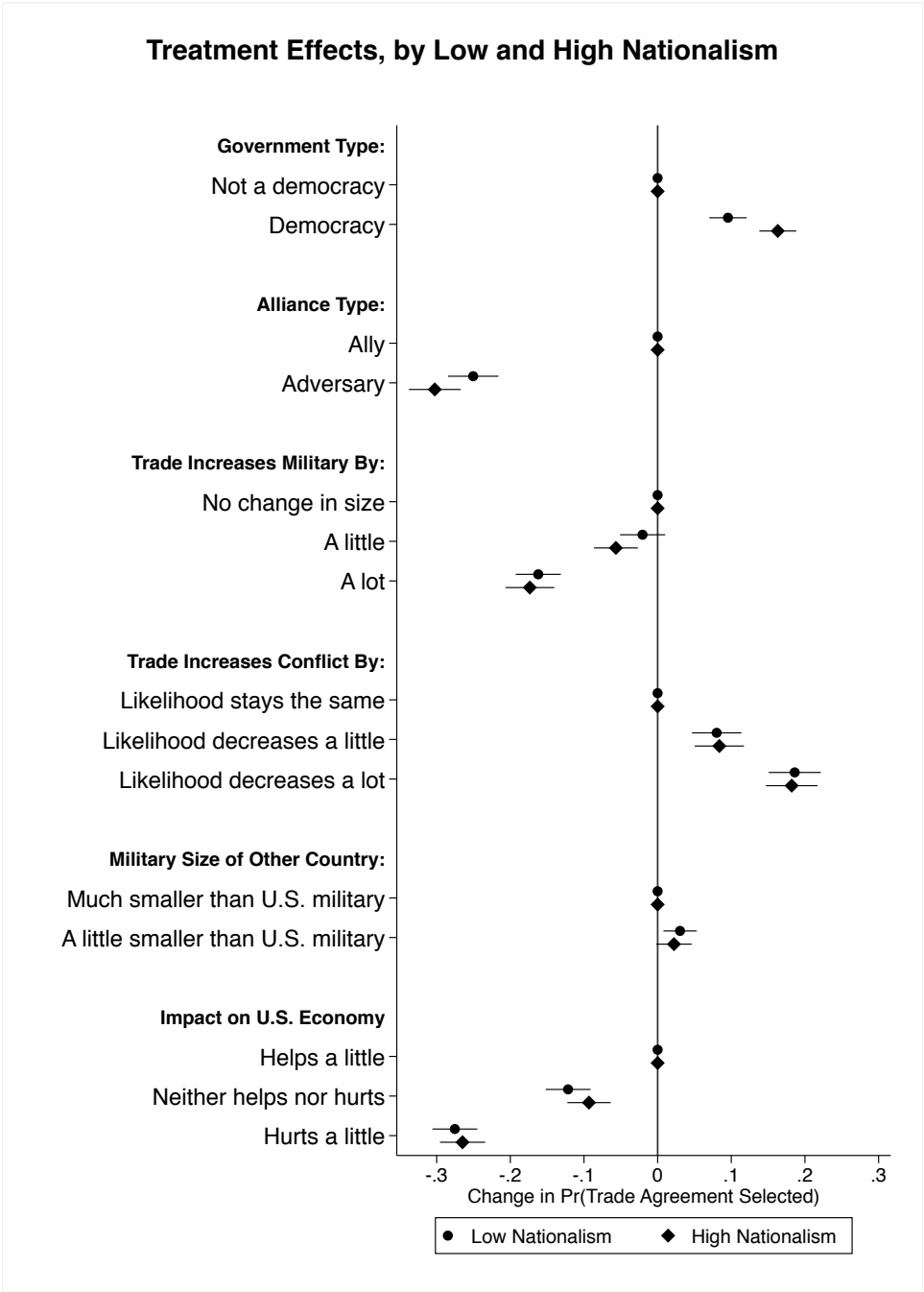

Treatment Effects, by Low and High Nationalism
Government Type:
Not a democracy
Democracy
Alliance Type:
Ally
Adversary
Trade Increases Military By:
No change in size
A little
A lot
Trade Increases Conflict By:
Likelihood stays the same
Likelihood decreases a little
Likelihood decreases a lot
Military Size of Other Country:
Much smaller than U.S. military
A little smaller than U.S. military
Impact on U.S. Economy
Helps a little
Neither helps nor hurts
Hurts a little
-.3
-.2
-.1
0
.1
.2
.3
Change in Pr(Trade Agreement Selected)
Low Nationalism
High Nationalism

Figure 6

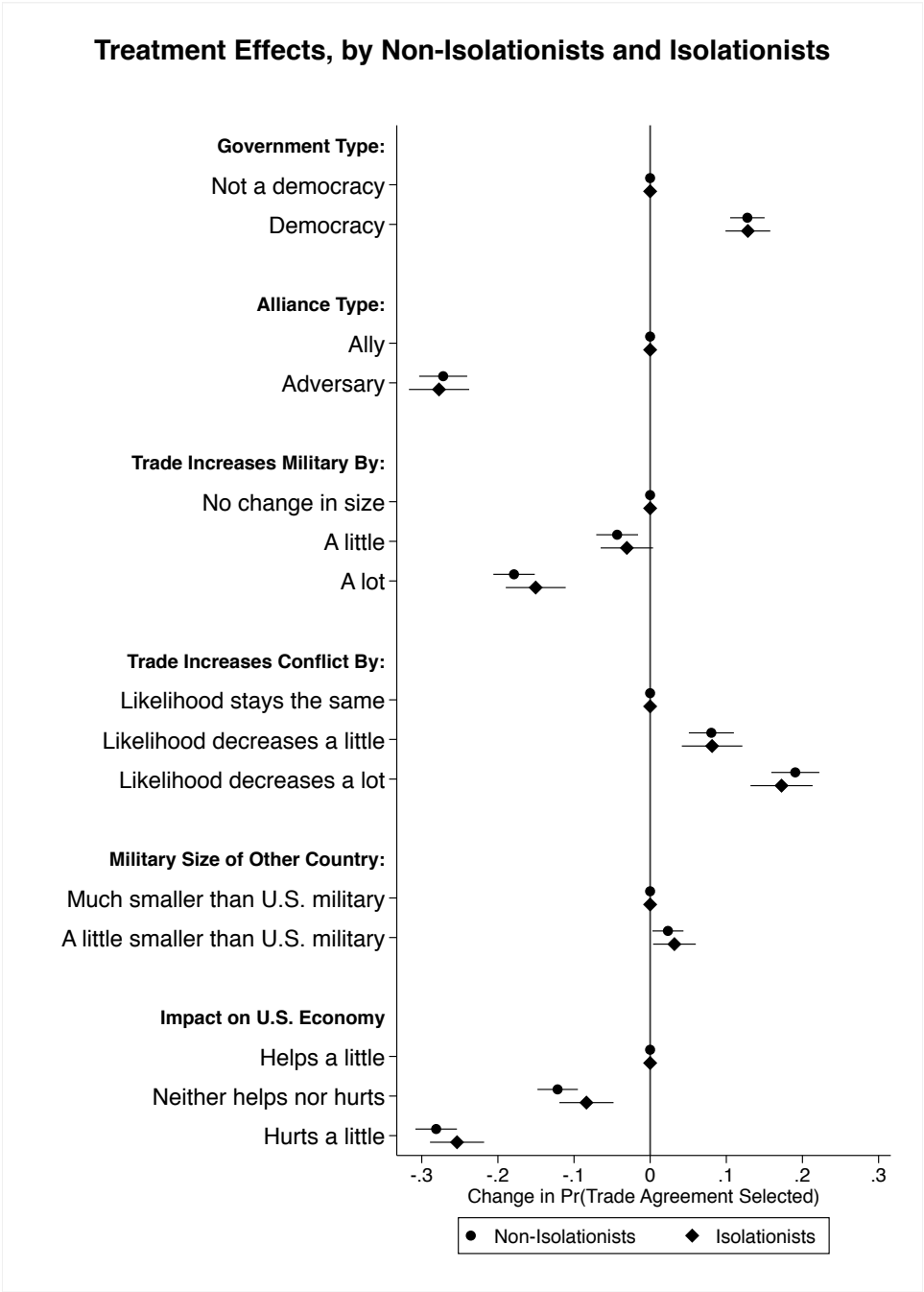

Treatment Effects, by Non-Isolationists and Isolationists
Government Type:
Not a democracy
Democracy
Alliance Type:
Ally
Adversary
Trade Increases Military By:
No change in size
A little
A lot
Trade Increases Conflict By:
Likelihood stays the same
Likelihood decreases a little
Likelihood decreases a lot
Military Size of Other Country:
Much smaller than U.S. military
A little smaller than U.S. military
Impact on U.S. Economy
Helps a little
Neither helps nor hurts
Hurts a little
-.3
-.2
-.1
0
.1
.2
.3
Change in Pr(Trade Agreement Selected)
Non-Isolationists
Isolationists

Figure 7

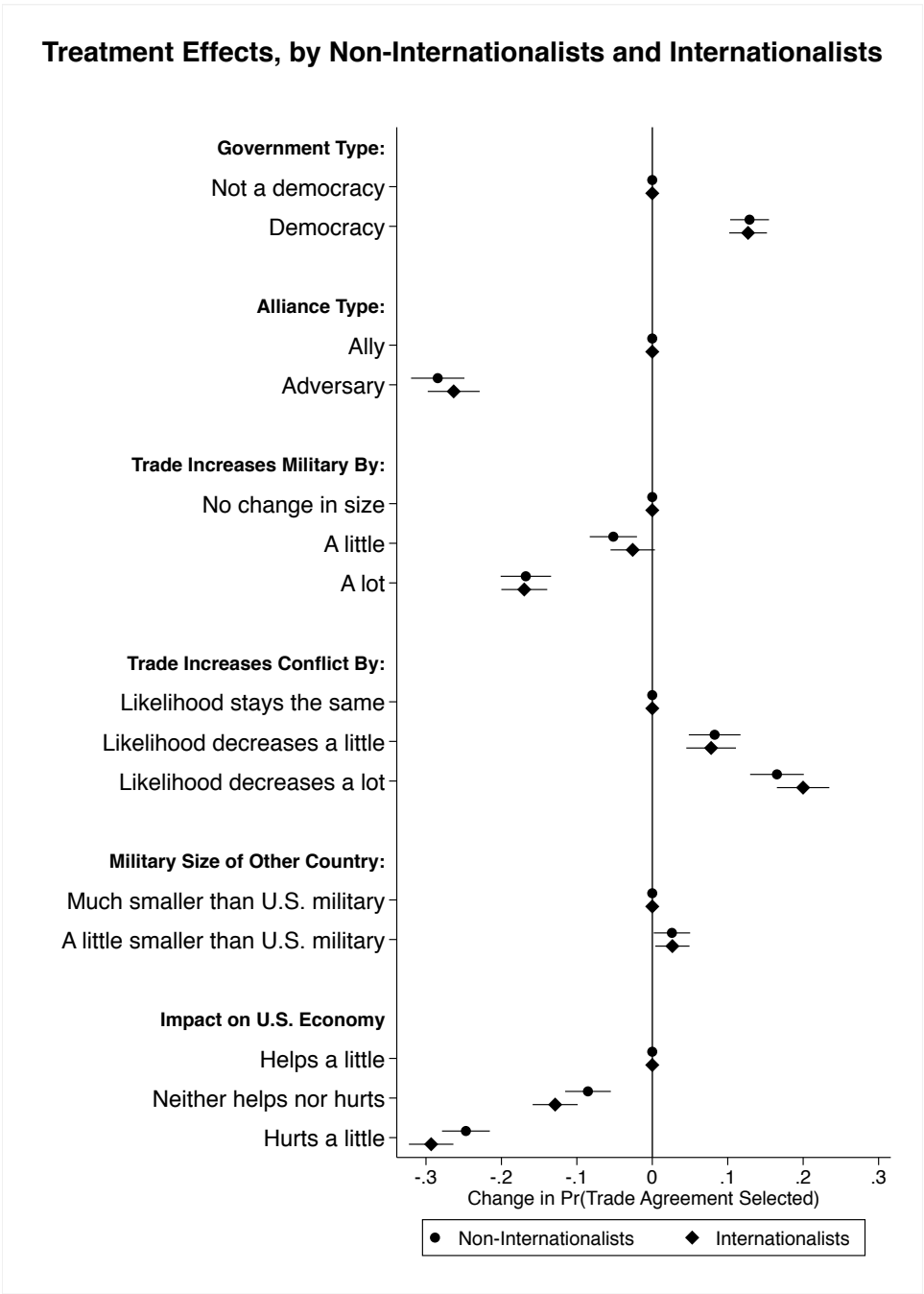
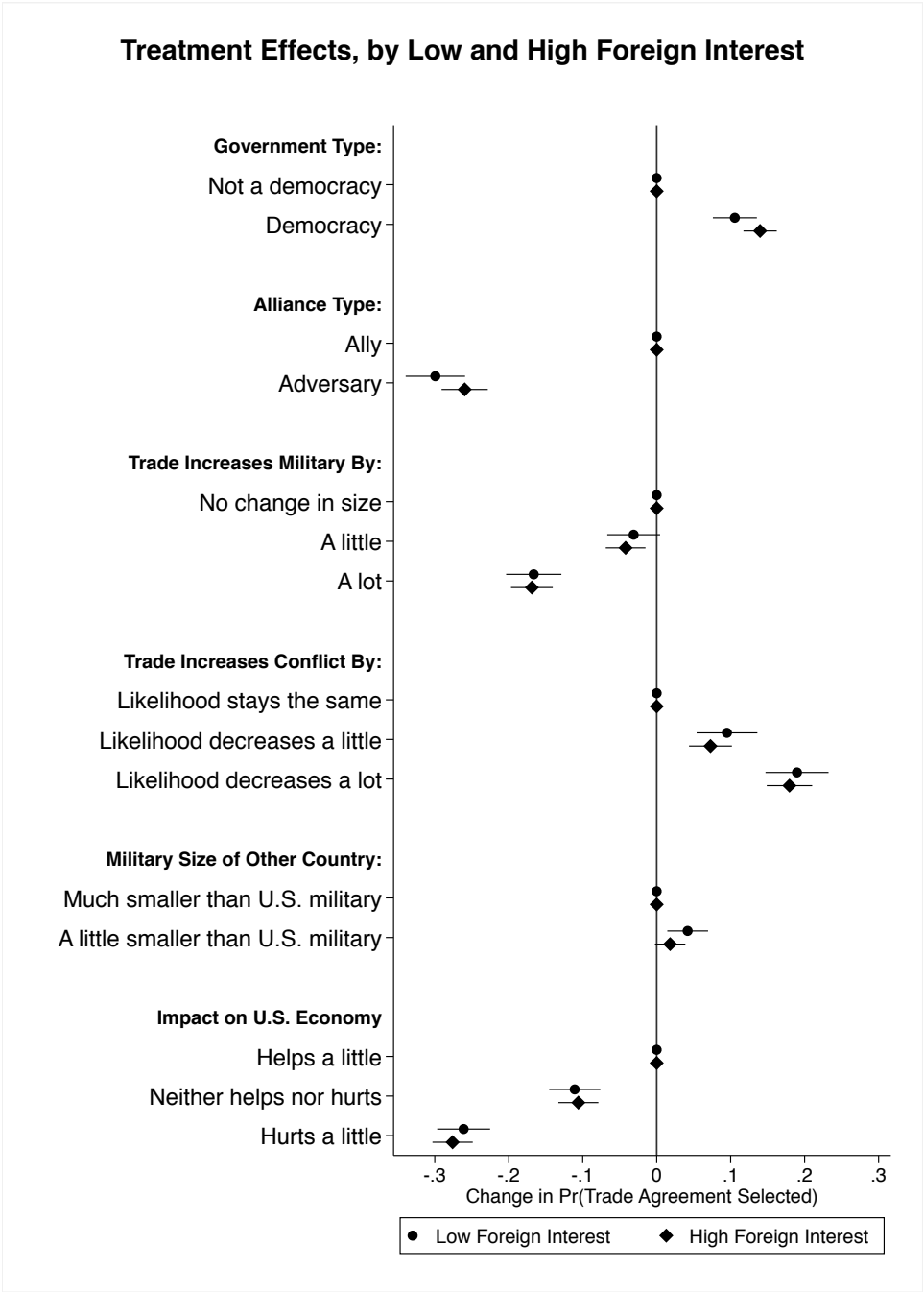

Treatment Effects, by Non-Internationalists and Internationalists
Government Type:
Not a democracy
Democracy
Alliance Type:
Ally
Adversary
Trade Increases Military By:
No change in size
A little
A lot
Trade Increases Conflict By:
Likelihood stays the same
Likelihood decreases a little
Likelihood decreases a lot
Military Size of Other Country:
Much smaller than U.S. military
A little smaller than U.S. military
Impact on U.S. Economy
Helps a little
Neither helps nor hurts
Hurts a little
-.3
-.2
-.1
0
.1
.2
.3
Change in Pr(Trade Agreement Selected)
Non-Internationalists
Internationalists

Figure 8


Treatment Effects, by Low and High Foreign Interest
Government Type:
Not a democracy
Democracy
Alliance Type:
Ally
Adversary
Trade Increases Military By:
No change in size
A little
A lot
Trade Increases Conflict By:
Likelihood stays the same
Likelihood decreases a little
Likelihood decreases a lot
Military Size of Other Country:
Much smaller than U.S. military
A little smaller than U.S. military
Impact on U.S. Economy
Helps a little
Neither helps nor hurts
Hurts a little
-.3
-.2
-.1
0
.1
.2
.3
Change in Pr(Trade Agreement Selected)
Low Foreign Interest
High Foreign Interest

Details on the India Survey Replication

While our survey was run in the United States, the question remains whether the factors we identify are salient elsewhere, particularly in developing countries. This concern is important given that scholars have argued that particular findings in the trade, conflict, and peace literature hold better among advanced industrialized economies than among developing countries (Hegre 2000). To examine this question, we focus on India, where geopolitical considerations have routinely been invoked by political elites when discussing foreign economic policy, as explained previously. As the world's largest democracy, and as one of the most economically and geopolitically significant developing countries in the world, India shares several similarities and differences with the U.S., making it an important crucible for tests of our theory. We thus replicated our vignette experiment on a sample of Indian respondents recruited from the MTurk platform in April 2016.

By design, we only allowed respondents who were geographically located in India to participate in the survey. We also asked respondents if they were located in India and terminated the survey if they responded in the negative. Although the representativeness of the Indian MTurk sample has not been explored in detail, several prominent political science articles have drawn on this sample for the purposes of survey research.[15] We note that this sample is more likely to be male, higher educated, English-speaking, urban, and geographically concentrated; consequently, we include pre-treatment demographic covariates in all of our specifications. Our primary goal here was not to make population-wide inferences about the validity of our results. Instead, we wished to investigate whether the theoretically-specified geopolitical triggers of mass preferences that appeared to evoke strong responses in our American sample operated similarly among Indian respondents.

Our experimental design was identical to the U.S. vignette experiment, save for some minor context-specific variations. In particular, because the words "ally" and "adversary" would not have been familiar to many Indian respondents, we added synonyms and used the phrases "ally or

[15] Charnysh, Volha, Christopher Lucas and Prerna Singh. 2015."The Ties That Bind: National Identity Salience and Pro-Social Behavior Toward the Ethnic Other." *Comparative Political Studies* 48:267-300.

partner" and "adversary or opponent" in place of the original words. The precise wording of the vignette appeared as follows: "An article in a major national newspaper recently stated that India is considering enacting a free trade agreement with another country. Trade will strengthen the Indian economy, although some Indians will lose their jobs as a result of free trade. The other country in the free trade agreement [*is* / *is not*] a democracy and has a large military. Importantly, the other country is an [*ally or partner* / *adversary or opponent*] of India, meaning that it is considered to be [*friendly with* / *hostile to*] India. In addition, the article makes two key predictions about how trade with India 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 India." Respondents were asked: "Given the facts described in the article, do you support increasing trade with this country?"

External Validity

Surveys capture attitudes at a specific moment in time and in a specific location. The question remains whether the trends identified in our experiments have been salient in other time periods and countries. In the main text, we pointed to suggestive evidence from the Cold War and from the post-WWII settings, which appear to indicate that our results are broadly generalizable. We now use historical survey and case study evidence from the India-Pakistan, Taiwan-China, and South Korea-North Korea cases to investigate these claims more deeply. Using nationally-representative survey data from the Pew Research Center, we find strong and significant evidence that the more Indian respondents view Pakistan as an adversary, the less likely they are to want to trade with Pakistan. We also find that Indian citizens who value peace between Pakistan and India are more likely to support trade liberalization (see Appendix Tables 9 and 10). Similarly, using data from the 2015 Taiwan National Security Survey, we show that Taiwanese citizens who perceive China to be a greater adversary are less willing to trade with China. We also observe a qualitatively meaningful relationship between the desire to trade and the desire for peace (see Appendix Tables 11 and 12). Although this data is observational, it suggests that citizens routinely think about trade in line with the predictions of our theory, at least when particular geopolitical rivals are concerned.

The India-Pakistan Case

We look at public opinion data from a survey administered by Pew Research Center in India between December 7, 2013 – January 12, 2014. We begin by probing whether respondents with more negative opinions of Pakistan—that is, those who view Pakistan as more of an adversary—are less supportive of trade with Pakistan (see Appendix Table 9). To do so, our outcome variable is measured using responses to the following question: "Do you think that an increase in trade and business ties between India and Pakistan would be a very good thing, somewhat good, somewhat bad, or a very bad thing for our country?" Respondents could answer on a sliding scale from 1–4 from "very good" to "very bad." Our key independent variable is whether respondents viewed Pak-

istan in an adversarial manner, which is measured in two ways. First respondents are asked "Please tell me if you have a very favorable, somewhat favorable, somewhat unfavorable or very unfavorable opinion of Pakistan?" Again, responses are measured on a sliding scale from 1–4, increasing in unfavorability. Our second measure asks respondents "How serious of a threat is Pakistan to our country? Is it a very serious threat, a somewhat serious threat, a minor threat, or not a threat at all?" This is scaled from 1–4 from "very serious threat" to "no threat at all."

We first look at the correlation in a basic regression, and then add demographic characteristics. These include an indicator for whether the respondent is male, age, religiosity, an indicator for whether the respondent is employed, income, and an indicator for whether the respondent lives in an urban area. As shown, we find strong and significant evidence that the more respondents view Pakistan as an adversary, the less likely they are to want to trade with Pakistan. Additionally, this effect dwarfs the effects of the other variables we include, as none of our control variables are statistically significant.

We next examine whether respondents that value peace between Pakistan and India are more likely to support trade liberalization (see Appendix Table 10). We use two measures of how much citizens desire peace. First, we examine responses to the question: "How important is it that relations improve between Pakistan and India?" This was answered on a scale from 1-4, from "very important" to "not at all important." Second, we look at answers to the question, "Would you favor or oppose further talks between India and Pakistan to try to reduce tensions between the two countries?" This is coded as an indicator of whether respondents oppose talks. Here, we find that respondents that are more averse to peace between Pakistan and India are also less likely to support trade between the two countries. Again, our key independent variables represent the only significant findings; none of our control variables reach statistical significance. We emphasize, however, that the data remain observational in nature and thus the results, while suggestive, could be driven by other factors.

Table 9: India: Effect of Viewing Pakistan as Less Adversarial on Willingness to Trade

	Measure 1		**Measure 2**	
	No Controls	Adding Control Variables	No Controls	Adding Control Variables
Favorable	0.099***	0.099***	0.097***	0.093***
View of Pakistan	(0.023)	(0.023)	(0.027)	(0.027)
R-Squared	0.008	0.009	0.005	0.006
N	2220	2220	2220	2220

Notes: Control variables and constant not shown. Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 10: India: Effect of Desire for Peace on Willingness to Trade

	Measure 1		**Measure 2**	
	No Controls	Adding Control Variables	No Controls	Adding Control Variables
Desire for	0.232***	0.234***	0.191***	0.194***
Peace	(0.018)	(0.018)	(0.025)	(0.025)
R-Squared	0.070	0.071	0.025	0.026
N	2220	2220	2220	2220

Notes: Control variables and constant not shown. Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

The China-Taiwan Case

The relationship between Mainland China and Taiwan has been the primary security concern for both sides since the end of the Chinese Civil War in 1949. The ruling Chinese Communist Party (CCP) in Mainland China claims sovereignty over the island of Taiwan, whereas Taiwan views the Mainland as an adversary that poses military threats and stymies its role and activities in the international community. While both sides have an interest in maintaining the status quo (i.e. China does not actively seek unification and Taiwan does not unilaterally declare independence), their relations are characterized by mistrust and potential volatility.

However, mainland China and Taiwan began to negotiate trade agreements after the pro-unification Kuomintang (KMT) took back both the legislature and presidency in Taiwan in 2008 from the pro-independence Democratic Progressive Party (DPP). By offering favorable trade terms to Taiwan that are conducive to its economic recovery, China seeks the normalization of relations with the island, which could help to promote peace.[16] Yet in Taiwan, opinions on free trade with Mainland China are divided along partisan lines, and public sentiments toward this issue are highly influenced by the approval (or the lack thereof) of the incumbent party. For example, the Economic Cooperation Framework Agreement (ECFA), signed in 2010, caused contentious debate in Taiwan. The KMT and supporters of the ECFA emphasized its economic benefits such as boosting domestic economic growth, safeguarding Taiwans competitiveness in the mainland market,[17] and the increased likelihood of peaceful relations with Mainland China.[18]. The DPP and opponents of the ECFA, on the other hand, claimed that it would be both economically disadvantageous and politically dangerous. They feared that economic integration via trade would increase Taiwan's economic dependence on the Mainland, strengthening Mainland China. Negotiation of subsequent

[16] March 5, 2009. Taiwan Affairs Office of the State Council of the Peoples Republic of China. "Premier Wen Calls for Peaceful Development in Cross-Strait Relations." ($http://www.gwytb.gov.cn/speech/speech/201101/t20110123_1723974.htm$, last accessed on April 30, 2016.)

[17] April 22, 2009. Office of the President, Republic of China (Taiwan). "President Mas Remarks at the Videoconference with the Center for Strategic and International Studies." ($http://english.president.gov.tw$, last accessed on April 30, 2016.)

[18] Huang, Jie. 2012. "TPP versus ECFA: Similarities, Differences, and China's Strategies." *China Review* pp. 85-109.

trade agreements between the two sides has thus proven to be politically challenging.[19]

To test whether this elite rhetoric matches the views of the public, we use data from the 2015 Taiwan National Security Survey, which was conducted by the Election Study Center of the National Chengchi University in Taipei, Taiwan. The dependent variable we employ is a question that asks, "Some people in our society assert that Taiwan should strengthen its economic and trade ties with the Mainland, and others believe we should lessen such ties. Which opinion do you agree more with?" Answers range from on a scale from 0-2 from "lessen ties" to "strengthen ties."

We examine several independent variables. We first look at perceptions of mainland China as an adversary, captured by the question "On a scale of 0-10 how much do you give the Mainland Chinese government?" Higher values indicate a less adversarial view of the mainland. An alternative question capturing the same concept reads "On a scale of 0-10, where 0 indicates cross-strait relations as extremely hostile and 10 as extremely peaceful, how would you rate current cross-strait relations?" Again, a higher number signals a more friendly view of mainland China. We run a simple regression, both examining the correlation without any control variables and then controlling for several demographic variables including whether the respondent is a member of the KMT political party, whether the respondent identifies as Taiwanese, level of education, age, and gender. The results indicate that, in line with the predictions of our theory, people who perceive mainland China to be a greater adversary are less willing to trade with China. This result is highly significant and remains so regardless of the way the question is asked, and whether control variables are included.

Second, we analyze whether people prefer to seek a military build-up or peace. To get at this, we look at the following question: "Facing military threat from the Mainland, do you think Taiwan should strengthen its military power, or adopt moderate policies to avoid agitation?" Answers to this question range on a scale from 0-2 from "strengthen the military" to "adopt moderate policies." We also capture this question in a different way using the question: "Facing military threat from the Mainland, do you think Taiwan should strengthen its military power, or adopt moderate policies to

[19]Romberg, Alan D. 2014. "Sunshine heats up Taiwan politics, affects PRC tactics." *China Leadership Monitor* 44(2).

avoid agitation?" This is again coded on a scale from 0-2 where higher values indicate a greater desire for peace. We find a strong correlation between the desire to trade and the desire for peace, which is statistically significant in all specifications.

Table 11: Effect of Viewing China as Less Adversarial on Willingness to Trade

	Measure 1		**Measure 2**	
	No Controls	Adding Control Variables	No Controls	Adding Control Variables
Favorable View	0.201***	0.157***	0.121***	0.083***
of Mainland China	(0.031)	(0.014)	(0.019)	(0.018)
R-Squared	0.220	0.271	0.047	0.183
N	816	806	828	819

Notes: Control variables and constant not shown. Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 12: Effect of Desire for Peace on Willingness to Trade

	Measure 1		**Measure 2**	
	No Controls	Adding Control Variables	No Controls	Adding Control Variables
Desire for Peace	0.162***	0.112***	0.233***	0.184***
	(0.024)	(0.023)	(0.037)	(0.036)
R-Squared	0.054	0.185	0.047	0.182
N	801	791	816	809

Notes: Control variables and constant not shown. Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

The North Korea-South Korea Case

Similar dynamics played out in South Korea when debating whether to increase trade with its primary adversary, North Korea. In particular, the leftist party in South Korea favored increasing trade with North Korea in order to increase the prospects for peace between the two countries. Thus, when it assumed power, the party supported the building of the Kaesung Industry Complex in North Korea which was designed to increase trade between the two nations. This factory was an element of the so-called "Sunshine Policy" which advocated opening to North Korea in order to foster peace. Indeed, according to a South Korean government report, "The sunshine policy can be seen as a proactive policy to induce incremental and voluntary changes in North Korea for peace" (Kwon 2014, 2). Rice and fertilizer were provided, and South Korean businesses were allowed to operate in North Korea.

However, opponents of the industrial complex and of the sunshine policy more broadly argued that liberalizing trade relations with North Korea would strengthen the state and allow it to divert resources toward its military – specifically to its nuclear weapons program. Thus, "whenever North Korea raised the level of security threat with its missile or took war-provoking postures, the Sunshine Policy was brought to the discussion table....The hardliners in the South criticize the Sunshine Policy as having done nothing but help the North to develop a nuclear weapons program" (Kwon 2014, 2).

Generalizability

We find additional evidence of the generalizability of our effects when we examine the results of our first survey. To start, we find strong evidence that voters typically know which countries are the friends and which countries are the enemies of their respective homelands. American citizens display remarkable consistency and accuracy in their responses to questions probing the identities of the United States' allies and adversaries. Without any priming, respondents consistently listed countries such as the United Kingdom, Canada, and Germany as America's top allies, while marking out China, Russia, Iran, and North Korea as America's most important adversaries. That voters are able to chalk out allies and adversaries suggests that they likely have preferences over economic statecraft with specific partner nations.

More specifically, respondents were asked whether they supported trade with other countries and why. We found that they tend to explain their answers in geopolitical terms, particularly regarding peace and security externalities. For example, U.S. respondents who do not want to trade with North Korea ("the regime is run by a despot, trade will only make him stronger"; "North Korea is a very adamant and known enemy of the United States. They hate our way of living and I don't want to help their economy in any way. I am frankly scared of that country and their power and intentions"; "This is a bad country . The leader is crazy. It may help the country if we traded. I would not support helping the country of North Korea at all") and China ("Increasing foreign trade would give them more economic prosperity") cite security externalities, and they do want to trade with allies (e.g. Britain) for these reasons ("Great Bitain is our ally, we should do what we can to help them. We need strong relations in Europe to help keep enemies at bay. The stronger their economy is the more able they will be to help us in situations when it becomes necessary to do so.") Further, people do want to trade with adversaries when they believe it will lead to peace ("We should nurture peace. Trade makes allies.") Similar results obtain in India regarding China ("Trade will cause a good relationship between the two countries. But China will try to strengthen its military") and other partners.

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