



# International *Economic Trends*



## The Disconnect over Free Trade

Most economists favor free trade. The acrimony that overwhelmed the recent attempt to launch a new round of multilateral trade negotiations revealed vividly, however, that national leaders and the general public have major misgivings about embracing free trade. What is the extent of the disagreement in the United States among economists, national leaders, and the general public?

Surveys of economists have consistently shown a consensus in favor of free trade. A May 1992 article in the *American Economic Review* ("Is There a Consensus Among Economists in the 1990's?" by Alston, Kearn, and Vaughan), reported that more than 90 percent of economists agreed that tariffs and import quotas usually reduce general economic welfare. This consensus in 1990 mirrored the results of a similar survey for 1976. Obviously, the 1990 results are now a decade old, but no compelling reason exists to expect that a similar survey today would yield substantially different results.

As the chart illustrates, neither the general public nor national leaders are as strongly in favor of reducing trade barriers as economists. Based on the answers to two questions in a quadrennial survey by the Chicago Council on Foreign Relations, it is clear that the general public has major reservations about free trade. In response to a question in 1998 pointing out that the elimination of tariffs and other import restrictions would lead to lower prices, but that certain jobs in import-competitive industries would likely be eliminated, only 32 percent of the general public were in favor of eliminating tariffs. Meanwhile, in response to a second question, 49 percent were more sympathetic to the argument that tariffs are necessary to protect jobs.

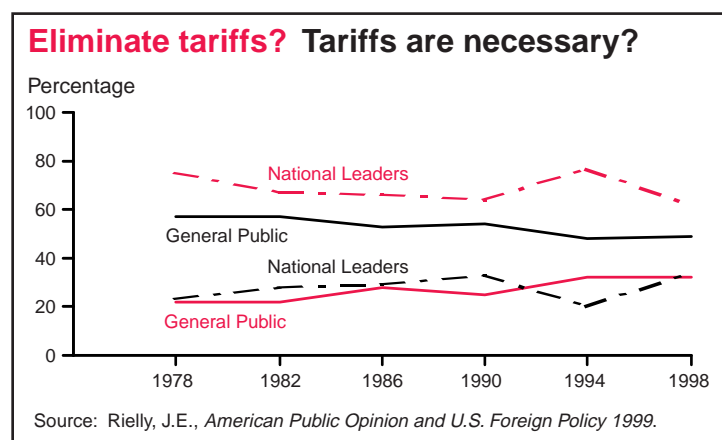
Turning to national leaders—drawn from government, businesses, academia, and policy institutes—in senior positions with knowledge of international affairs, one sees that these leaders generally are supportive of

eliminating tariffs. For example, these leaders were more sympathetic to the elimination of tariffs, 62 percent, than they were to using tariffs to protect jobs, 34 percent. Clearly, a substantial gap exists between these national leaders and the general public. In addition, it appears that these national leaders are far less willing to support a free trade position than economists are.

Over the past 20 years, it appears that the general public has moved in the direction of supporting free trade, while national leaders have moved in the other direction. In 1978, 22 percent of the general public supported eliminating tariffs and other import restrictions, while in 1998 the figure was 32 percent. During the same period, the proportion of national leaders in favor of eliminating tariffs and other import restrictions declined from 75 percent to 62 percent.

Clearly, the general public remains very reluctant to support the free trade policies espoused by most economists. One reason for their opposition stems from their concerns about jobs, not necessarily their own. On the other hand, national leaders are less skeptical about free trade than the general public, but their support for free trade appears to be eroding somewhat. These conflicting opinions suggest how difficult it will be for the next round of multilateral trade negotiations to reduce trade barriers substantially.

—Cletus C. Coughlin



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