



A podcast about the economics of trade & policy
with Chad P. Bown

Episode 168. Did Trump's trade war make China more protectionist?

[Episode webpage](#)

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Transcript

(lightly edited)



Chad Bown: With his policies and his rhetoric, President Donald Trump took an extremely hostile and controversial approach to the US trade relationship with China.

President Donald Trump: *In particular with China, we're going to be doing a Section 301 trade action. It could be about \$60 billion but that's really just a fraction of what we're talking about.*

Chad Bown: In 2018, Trump started a trade war. China retaliated, and four years later, the two sides are living in a new economic reality.

US and Chinese tariffs still cover much of each other's trade and are helping to trigger moves on both sides toward economic decoupling.

But for China's 1.4 billion people, this new US policy has impacted more than just their economy.

In this episode, we're going to look into one such consequence of President Trump's trade war – its effect on the Chinese public's views about trade.



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Chad Bown: You are listening to an episode of *Trade Talks*, a podcast about the economics of trade and policy. I'm your host Chad Bown, the Reginald Jones Senior Fellow at the Peterson Institute for International Economics in Washington.

On this week's show, we're going to be joined by Yeling Tan. Yeling is a political scientist at the University of Oregon, she is also my colleague here at the Peterson Institute, and she has some brand new research on Chinese public opinion and trade.

Chad Bown: Hi, Yeling.

Yeling Tan: Hi, thanks for having me.

PUBLIC OPINION SURVEYS ABOUT TRADE: THE UNITED STATES VS. CHINA

Chad Bown: In the United States, the Pew Research Center has conducted public opinion surveys for decades, asking for views about things like trade and the global economy.

Their surveys ask the public to what extent they agree with statements like "trade is good," or "trade increases wages," or "trade decreases prices."

Chad Bown: In China, do we have the same kind of repeated, large surveys of the public's attitude toward trade?

Yeling Tan: Surveys of the Chinese population's attitudes towards various issues are done from time to time, but there isn't a single survey out there that has actually asked a very important question, which is what do Chinese people think, or how do they feel, about trade in general.

And that's one of the reasons why we embarked on this particular set of research.

Chad Bown: Your research is going to look at the period since the onset of the US-China trade conflict. Tell us about the specific question that you're going to ask and try to answer.

Yeling Tan: In this paper, my co-author and I ask a fairly straightforward question, which is whether or not the United States' tariffs against China had an impact on the Chinese public's attitudes towards trade.



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Did these tariffs make them more protectionist? Did they change their attitudes towards globalization?

Chad Bown: How do you go about conducting this kind of research?

Yeling Tan: We implemented this research using an online survey method. If you're familiar, in the United States, there's a similar software called Amazon Mechanical Turk that political scientists have been using for many years now to survey the American population. What we did was we used survey companies in China that basically have equivalent software.

We surveyed about 3,000 people in China. We asked them a suite of questions and each survey takes maybe 10 to 15 minutes to complete, so it is not a huge burden on their time. On top of these questions about their trade attitudes, we also gather demographic information about our respondents – e.g., their age, their education levels, their gender, are they a member of the Communist Party, what occupation are they in, and so on. And also how often do they read the news?

Chad Bown: Ultimately, you are interested in two questions. The first is, what is the Chinese public's attitude toward trade? And the second is, is that attitude changing because of the US trade war and US tariffs?

So what approach do you use to try to answer those questions?

Yeling Tan: The way that we get at this is that we used an experimental setup in our survey where we have both a baseline control question and what is known as a treatment question.

It's similar to a vaccine trial where, in order to find out if a vaccine is effective, you have to divide up your population into two groups, the control group that just gets the placebo, and then the treatment group that gets the actual vaccine, to test the effectiveness of the vaccine.

What we did in this survey is, similarly, we divided our sample into two groups, a control group that was just asked, "what do you think China's trade policy should be?" And we asked them to rank their responses on a scale of one to ten, with ten being "reduce trade barriers a lot" (therefore liberalize trade a lot), and zero being "increase trade barriers a lot" (in other words, massively increased the level of protection in the Chinese economy).

In the treatment group, we provided additional information, which is that we told the respondents that recently the United States government has imposed tariffs on a number of Chinese imports into the United States.



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Comparing the responses between the treatment group and the control group, we were able both to assess the baseline levels of support for free trade in China, amongst the public, as well as the effects of the US tariffs on China.

Chad Bown: OK. The answers from the control group will give you the average Chinese attitude toward trade. And the answers from the treatment group – these randomized people prompted with the additional information about the new US tariffs – their answers will tell you something about the impact of the trade war.

That's your setup. What did you find?

Yeling Tan: In terms of the baseline, the average Chinese citizen is very open to trade and supportive of free trade. However, when informed of the tariffs from the United States, we found that the average level of protectionism amongst the Chinese public actually increased. So they became far less supportive of open trade when told about tariffs from the United States.

Chad Bown: There's actually been a lot going on in China over the last couple of years, so timing is important. When did you actually conduct the survey?

Yeling Tan: We actually conducted the survey three times. And the first time that we did the survey was back in April of 2019.

US-CHINA TRADE RELATIONS AS OF APRIL 2019

Chad Bown: By April 2019, US-China trade relations were calm and seemed to be improving.

The trade war had started the previous year, with President Trump putting tariffs on Chinese exports and China retaliating. The tariff retaliation and escalation went back and forth and back and forth until December, when Presidents Trump and Xi met for dinner in Argentina.

They called a truce and instructed their teams to start negotiating.

By the time of Yeling's first survey, the one in April, the US and China were seemingly closing in on a deal. The US side was leaking to the media what was going to be in it.

President Trump was sending out optimistic tweets. US Trade Representative, Robert Lighthizer and Treasury Secretary Steven Mnuchin took one last trip to Beijing to finalize the agreement.



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But then something happened.

Yeling Tan: What happened in May of 2019 was that there was a collapse in the negotiations and a major escalation of the trade war.

MAY 2019: THE TRADE WAR TURNING POINT

Chad Bown: In the American view, the Chinese negotiators had reneged on their deal at the last minute.

So Lighthizer and Mnuchin flew back to the United States, and when he heard the news, President Trump was furious. Trump immediately raised (some of) his trade war tariffs from 10 to 25 percent. He ordered new tariffs on the rest of US imports from China, covering another \$250 billion of trade. China said it would retaliate. By the summer of 2019, US-China trade relations had gotten noticeably worse.

Yeling repeated her survey in China, this time in July and August.

Chad Bown: And what did you find that time?

Yeling Tan: What we found was that there had been a sharp drop in the baseline level of support for free trade amongst the Chinese public. Back in April, we had found that there was an overall positive level of support for free trade amongst the public.

When we redid the survey in July and August of 2019, the baseline level of support had fallen.

Chad Bown: And that was the control group. What about the treatment group in your survey – i.e., the people that get primed with this information that during all of this, the United States is actually themselves being protectionist in imposing all kinds of tariffs?

Yeling Tan: Being told about US tariffs significantly lowered support for free trade amongst the treatment group. So we found consistent results, but the levels – the absolute levels of support – were even lower.

Chad Bown: Why did these Chinese attitudes get so much worse, so quickly?

I do remember worrying that the time might come when Chinese politicians or state media or even social media might prime the Chinese public to turn suddenly against the United States.



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We had seen this happen in 2017 with South Korea. When the South Korean government decided to deploy a US missile defense system, China orchestrated consumer boycotts of major South Korean companies that really hurt firms like Hyundai, Kia and Lotte.

By the summer of 2019, since China had largely run out of US exports to retaliate over (with tariffs), I was looking for signs that China might change tactics and start boycotting locally produced American goods and services – maybe Starbucks or McDonalds or iPhones.

Now, we never saw any boycotts like that emerge against American companies. But is there any evidence that this change in Chinese public opinion was orchestrated by either the Chinese government, the communist party, or state media?

Yeling Tan: We had this question as well. So we did a detailed analysis of articles related to trade in the *People's Daily*, which is the major Communist Party run newspaper that sets the overall political tone on major policy issues in China.

We looked at *People's Daily* articles from the three or four months in the run up to each of our surveys. We extracted all of the articles in the *People's Daily* that were related to trade or were related to tariffs. And then we studied the content of these articles and we coded each article, according to its trade attitude. Was this article overall protectionist or was this article overall supportive of free trade?

On the whole, the *People's Daily* articles were open and supportive of free trade. The tone did become a bit more neutral during the escalation of the trade war, but it never turned wholly negative and it never turned fully protectionist.

Chad Bown: Let me play devil's advocate. How do you know that this issue that's concerning the Chinese public isn't US tariffs, but it's really President Trump. Maybe during the trade war, they're just equating the two and the really negative reaction that takes place is itself a negative reaction to Trump.

Yeling Tan: So this is an important difference to tease out. Was this just a reaction to President Trump or was this more broadly US specific?

So what we did was we ran a third survey in April to May of 2021. And by this time the Trump administration had already been out for a number of months and it was the Biden administration that was in place.



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Again, we find the same results. When informed about US tariffs, this time upheld under the Biden administration, the Chinese public, again, had more negative reactions and were more protectionist when informed about American tariffs.

Chad Bown: You're finding evidence that the Chinese population's views toward trade are deteriorating during the course of the US-China trade conflict.

Another question this raises for me is, are their views toward trade overall changing or is it their views toward trade primarily with the United States and trade with everyone else might be fine?

One reason why I ask is during the same time period of the trade conflict with the United States, you had these extraordinary decisions by the Chinese government to actually reduce their tariffs toward imports coming in from the rest of the world by really substantial amounts. This made economic sense at the time as they were trying to offset some of the costs that were being paid by Chinese consumers and allow them flexibility to switch away from importing from the United States toward third countries.

But this does raise the question of were the Chinese consumers and the Chinese population seeing that and seeing the benefits of trade overall, or are they conflating the two?

Yeling Tan: In one of the surveys, we asked our respondents about their attitudes towards trade with the United States specifically.

And here, what we wanted to find out was whether or not this turn towards protectionism that we were tracking was entirely driven by this desire to just retaliate against the United States, while remaining open to trade with other countries.

To our surprise, we found that this retaliatory urge actually accounted for a relatively small percentage of the overall increase in protectionist sentiments. And this suggested to us that the US tariffs have had a bit of a spillover effect. They've not just made Chinese citizens more protectionist towards the United States, they've also increased public support for protectionism as a general principle.

Chad Bown: Your research goes beyond trade to also look at technology.

We know that the United States has imposed a lot of export controls on goods going to China over the last couple of years, increasingly worried about national security threats. The US government cut off the exports of semiconductors to Huawei when it was worried about



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Huawei's equipment increasingly forming the backbone of essential telecommunications and 5G networks worldwide. The US also limited export sales of equipment to Chinese chip manufacturers like SMIC, worried about their potential ties with the Chinese military.

What did you find about views toward technology in these surveys?

Yeling Tan: What we found in our questions related to technology policy was that the Chinese public had a similar set of reactions compared to the trade experiment. When told about the US restrictions of technology exports to China, Chinese citizens turned much more towards self-reliance and reduced their overall support for open technology cooperation.

Chad Bown: Are you concerned at all, as a scholar or as an academic, with these tools in use in China? Are there any concerns in China that people might not be revealing their true individual preferences because they're worried about state surveillance or data privacy and thus, maybe parroting back lines that they think the state or the Communist Party might want them to be saying?

Yeling Tan: In general, this is a concern amongst academics who run surveys on Chinese public attitudes. Scholars have come up with different methods to try to assess the degree to which this type of – it's called preference falsification – whether or not this type of preference falsification might be happening in the surveys.

In general, we're not too concerned that this was happening in our survey. One thing we did was we compared the overall response rates to these different questions. Non-sensitive questions such as your type of occupation, your level of education – we compare the response rates for to the question for trade policy. If Chinese citizens found that this was a sensitive question and they would rather not answer this question, we would've found a lower response rate, and we did not find that.

CHINA'S PUBLIC OPINION MATTERS

Chad Bown: China has a very different style of governance, obviously, than western democracies. So why does public opinion in China matter?

Yeling Tan: The Chinese government actually pays very close attention to the opinions of its own public. There's been important research showing that public opinion has an impact on the policies of the Chinese government.



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In the trade arena we need to pay attention to Chinese public opinion because it sets broader boundaries for the scope of discretion of Chinese government policies. If the Chinese public becomes more protectionist, that's going to make it a lot harder for the government in China to enact free trade policies.

And that in turn can have a global impact in terms of potentially accelerating deeper cleavages and the slide of the global economy towards different trading blocs.

Chad Bown: A line that I often hear from American policy makers is one that tries to draw the distinction between the Chinese public and the Chinese Communist Party and its leaders, saying “We love the Chinese public. We would love to engage with them. It's China's leadership and its policies that we have problems with.”

Is one way to interpret your results that these US policies are actually undermining the support that might exist within the Chinese public for the American approach to the international trading system, cooperation, and openness?

Yeling Tan: I think that if the American government is trying to put forward this distinction in their attitudes towards China between the government versus the public, that message is not getting through, because the tariffs have an impact not just on the Chinese government, the tariffs are having an impact on Chinese producers and their workers. And so it's very difficult from this perspective to distinguish a positive attitude towards the Chinese public when it comes to trade.

Chad Bown: As my last question for you, I want you to take a step back.

We didn't get into it, but I know you have conducted these same sorts of surveys in other countries beyond China. You did this in Argentina, after US tariff threats there, and found very similar results. The Argentine public's views toward trade were also negatively influenced by US policies.

When you speak to American policy makers, what would you say are the main lessons learned from this research?

Yeling Tan: I think this set of research has some worrying implications. At the moment, tariffs are a little bit on the back burner when it comes to priorities of the United States government. But that doesn't mean that the tariffs aren't doing active damage overseas, not just in terms of economic costs imposed on producers and consumers in the United States, but in terms of overall support for the international trading system.



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This is concerning to me because, since the end of the second world war, the United States has played at a very important leadership role, not just in establishing but maintaining the multilateral trading system and ensuring that it operates smoothly.

The findings from our research suggest that the longer these tariffs stay in place, the more overseas support for free trade starts to crumble. And this has potentially serious consequences for the future viability of the international trading system.

Chad Bown: Yeling, thank you very much.

Yeling Tan: Thank you so much, Chad.

GOODBYE FOR NOW

Chad Bown: And that is all for *Trade Talks*.

A huge thanks to Yeling Tan, my colleague here at the Peterson Institute, and an Assistant Professor of Political Science at the University of Oregon. Do read her new paper with David Steinberg, "Public Responses to Foreign Protectionism: Evidence from the US-China Trade War." Yeling also has a pretty amazing new book on China that I would highly recommend. It's titled "Disaggregating China, Inc: State Strategies in the Liberal Economic Order."

Thanks to Melina Kolb, our supervising producer.

Thanks, as always, to Collin Warren, our audio guy.

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<insert super funny double underscore joke here> . ■