KU TRADE WAR LAB SPEAKER SERIES

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MASS PUBLIC OPINIONS TOWARDS TRADE BALANCES: MERCANTILISM 2.0

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Abstract: The deterioration of international trade cooperation is ongoing. Especially in the context of the trade war between the U.S. and China, the bilateral trade imbalance has been vociferously problematised. For some contemporary economists, the vilification of trade balances is puzzling. The conventional economic wisdom therefore cannot explain the renewed importance of trade imbalances. I argue that the power transition reinvigorates the appeal of intuitive trade balance beliefs to galvanize support for a more confrontational approach towards the rising power. I seek to gain a better understanding of such dynamics by exploring the microfoundations of mass public trade balance views. Thus, I conduct representative survey experiments in the P.R. of China and the U.S. (n=4181). I find that the bilateral imbalance topic has become more salient over time. Citizens from both countries view trade deficits more negatively than surpluses. In addition, particularly deficits with political competitors are rejected. Amongst U.S. respondents, individuals who see China as the most important power have more negative views of the bilateral deficit. My findings thus highlight why the trade imbalance is a key point of contention in U.S.-Sino relations. In this intensifying power transition context, seemingly passé mercantilist ideas are likely to be resuscitated again.

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