

What Does the Public Think about Fair Trade and How Do They Think We Should Achieve It?

Prepared for the Institute for International Economic Policy's Conference on "Is Fairer Trade Compatible with Freer Markets?"

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Answering the question of what the public thinks about fair trade requires us to first define what we mean by fair trade. This is a term that has meant various things at various times over the past few decades with a common current that has largely focused on the idea that, in order for trade to be fair, foreign goods should have been produced with similar standards and processes. Thus, if one government subsidized production of goods while their trading partner did not, this could be considered "unfair trade." Recently, though, the concept of fair trade has begun to focus more specifically on whether production processes adhere to certain labor, environmental, and human rights standards. If one country, typically a developing country, has lower environmental or labor standards, this might constitute an "unfair" advantage over a trading partner that has higher standards. So what does the public think about environmental and labor standards and trade? Why do they think this? And what do they want done about this?

I have conducted public opinion surveys in the United States in 2006 and 2008 that can provide us with good answers to the first two of those questions as well as point us towards answers to the final question.¹ Each of these surveys was part of the larger Cooperative Congressional Election Survey run by Polimetrix and was conducted on 1000 respondents that were drawn to match a random national sample. The 2006 survey asked respondents about whether they would be willing to buy fair trade labeled products at all and also if they cost 10% more and asked respondents if they agreed that the U.S. government "should limit the imports of foreign products made with low labor standards in order to protect the rights of foreign workers." The 2008 survey asked this policy question of half the respondents while asking the other half if the U.S. government "should limit the imports of foreign products made with low environmental standards in order to protect the environment in foreign countries." Both surveys also asked a standard free trade-protection question to see if respondents wanted to limit imports to protect the national economy. These surveys allow us to examine support for both fair trade products and policies, to distinguish between support for labor and environmental standards, and to determine the overlap between support for economic protection and for fair trade.

The first thing to note is that both surveys demonstrate broad support for fair trade products and policies. Over 90% of the respondents in the 2006 survey claimed they would buy fair trade products if they were widely available and of comparable quality to regular products. Over 60% claimed they would pay 10% more for such products. Obviously, this is only what respondents are claiming they would do and not their actual

¹ The 2006 was analyzed and discussed in detail in Ehrlich (Forthcoming).

consumer behavior, but it does suggest that demand for these products are potentially extensive. Turning to the policy questions, in 2006, over 60% of the respondents supported placing limits on trade made with low labor standards to protect the rights of foreign workers. The number supporting limits on products made with low labor standards was essentially unchanged in the 2008 survey while just under 60% of respondents supported limits on trade made with poor environmental standards.

The more interesting question is who is likely to support fair trade products and policies. The first answer is that it is not primarily, or, at least, exclusively protectionists. That is, the desire to limit imports made with low labor or environmental standards is not the same as the desire to limit imports to protect the national economy. Of the 60% of the respondents in the 2006 survey who supported limits on trade to protect foreign workers, only half also supported limits on trade to protect the national economy. In the 2008 surveys, the proportion of fair trade supporters who also support protection increased, with 70% of those supporting limits to protect foreign workers and 65% of those supporting limits to protect foreign environments also supporting limits to protect the national economy. Part of this increase is undoubtedly due to increasing support for protectionist: 40% of the 2006 survey supported protection while nearly 75% of the 2008 survey did so. This increase in protectionist support is not surprising given the change in economic conditions between 2006 and 2008, but it is telling that fair trade support did not similarly increase. In the face of worse economic conditions, 2008 respondents were not more likely to support limits on products made with low labor standards than were 2006 respondents, reinforcing the suggestion that this is not the mere expression of protectionist sentiment.

However, it is typical in academic analyses of fair trade, particularly those conducted by economists², to argue that fair trade is protectionism in disguise: some individuals desire to limit trade to protect their jobs but know that protectionism either has been discredited or is unlikely to be a winning argument. If this is true, then those expressing fair trade sentiments should have similar characteristics to those expressing protectionist sentiments. We know from significant pre-existing research, both theoretical and empirical, both in political science and economics, what protectionists look like: in advanced economies like the United State, they tend to have lower levels of education and income because these are the jobs that are most at risk if there is free trade.³ Women, those who are married, and older respondents also tend to be protectionist. Fair traders, on the other hand, tend to be more highly educated and have higher income levels, while age, gender, and marital status have little or no impact. This suggests that fair traders are not merely protectionists in disguise but are expressing sincere beliefs in labor and environmental protection. Finally, fair traders tend to be liberal, which should not be a surprise given these sincere beliefs.

So we have a good sense of who the fair traders are, but what do they want? First, it is clear that there is widespread support for fair trade products, even at higher prices. It is unclear, though, whether the current supply of these products meets this demand. However, expanding the availability of these products or more aggressively branding or marketing these products may be successful. Second, it is less clear what policies fair traders may support. These questions were intentionally designed to be vague as I was

² See, for instance, many of the contributions to Bhagwati and Hudec (1996).

³ See Scheve and Slaughter (2001) for a comprehensive examination of trade opinions in the United States.

interested in measuring the underlying support for fair trade and not support for any particular policy to achieve fair trade. However, all of the policy questions on both surveys explicitly include the phrase “limit trade:” respondents are specifically endorsing policy that would keep out certain imports, whether they have in mind outright bans of products with low standards or tariffs that would provide incentives to raise standards or some other policy tool that keeps out some if not all of these products.

These are, in other words, the same policy tools used by protectionists to keep out competing imports. Thus, even though protectionists and fair traders are different groups they may have complimentary goals: limiting certain imports. This suggests that, at least in some circumstances, these two groups could be political allies in opposing open trade. Looking at the 2006 poll tells us why this is of such potential importance: 40 percent of the respondents supported limiting trade to protect the economy. This is a large minority, but still only a minority, and is in line with the vast majority of similar polls: large minorities or small majorities support protectionism. It is the rare poll (and my own 2008 poll counts as one of these rarities) that finds strong support for protectionism. But, in addition to these 40% of the respondents who supported protectionism, another 30% supported fair trade limits. Thus, 70% of the respondents, or a large majority, supported limiting trade in some circumstances. Only 30% opposed all limits to trade, putting free trade supporters in a precarious political situation. In the 2008 survey, this figure dropped to only 25% of respondents opposing all limits to trade.

So is fair trade compatible with free markets or does it pose a threat to the continuation of the U.S.’s (and other developed countries’) relatively open trade policies? Part of this depends on how likely this potential coalition among the public coalesces at the elite level. We have seen protectionist interest groups and policymakers adopt fair trade rhetoric in recent decades, and my research demonstrates the potential value of this tactic; and we have seen environmental groups join forces with labor unions and threatened industries to oppose free trade agreements such as NAFTA. So far, though, these forces have been unable to significantly reverse the trend towards freer trade among developed economies. Whether they will do so is a point open to debate and further study, but my research certainly suggests the possibility that they can.

What can policymakers or advocates who support free trade do in response? This, too, is unclear. We have a good understanding of how to increase support for free trade relative to protection: embedded liberalism suggests to us that if opposition to trade is generated by concerns over one’s job, compensating workers for lost jobs can increase support for trade.⁴ Research demonstrates that these compensation programs, such as the extended unemployment insurance and job retraining programs included in the U.S. Trade Adjustment Assistance program, are popular and effective in decreasing support for protection.⁵ But fair traders are not motivated by employment concerns; thus, compensation policies will not be effective in increasing their support for free trade. The 2006 and 2008 surveys both demonstrate that there is widespread support for limiting trade for fair trade reasons but what they do not address is whether other policies that do

⁴ See Ruggie (1982) for the classic explanation of embedded liberalism and Ruggie (2008) for a more recent treatment, including empirical tests of the thesis.

⁵ Hays, Ehrlich, and Peinhardt (2005) demonstrate that those who should receive higher benefits if they lose their job due to trade are more likely to support free trade. Rehm (2009) shows that those at risk of job loss due to trade are likely to support redistribution and compensation policies.

not limit trade can be effective in meeting the concerns of fair traders and future research will be needed to investigate these possibilities. But it is clear that fair trade is a popular cause that has the potential to play a powerful role in the making of trade policy and policymakers, academics, activists, and the business community need to pay close attention to it.

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