

THE WILLIAM AND FLORA
HEWLETT
FOUNDATION

Perspectives on Trade and Poverty Reduction

A SURVEY OF PUBLIC OPINION | KEY FINDINGS REPORT 2007



Overseas Development Institute
The German Marshall Fund of the United States

London

January 22, 2008

G | M | F Economic
Policy

MAKING GLOBALIZATION WORK

The German Marshall Fund of the United States

Trade and Poverty Reduction Survey 2007

Key Findings

- **Trade:** Despite anxieties over Chinese economic power, support for freer trade remains high in the U.S. and Europe
- **Managing Globalization:** While most support investing in people and technology, some favor restrictive policies to help trade-displaced workers
- **Development:** Most believe that aid and trade helps to stabilize and democratize developing nations, but support softens in the U.S.

The German Marshall Fund of the United States Trade and Poverty Reduction Survey 2007

- Trade

- Managing Globalization

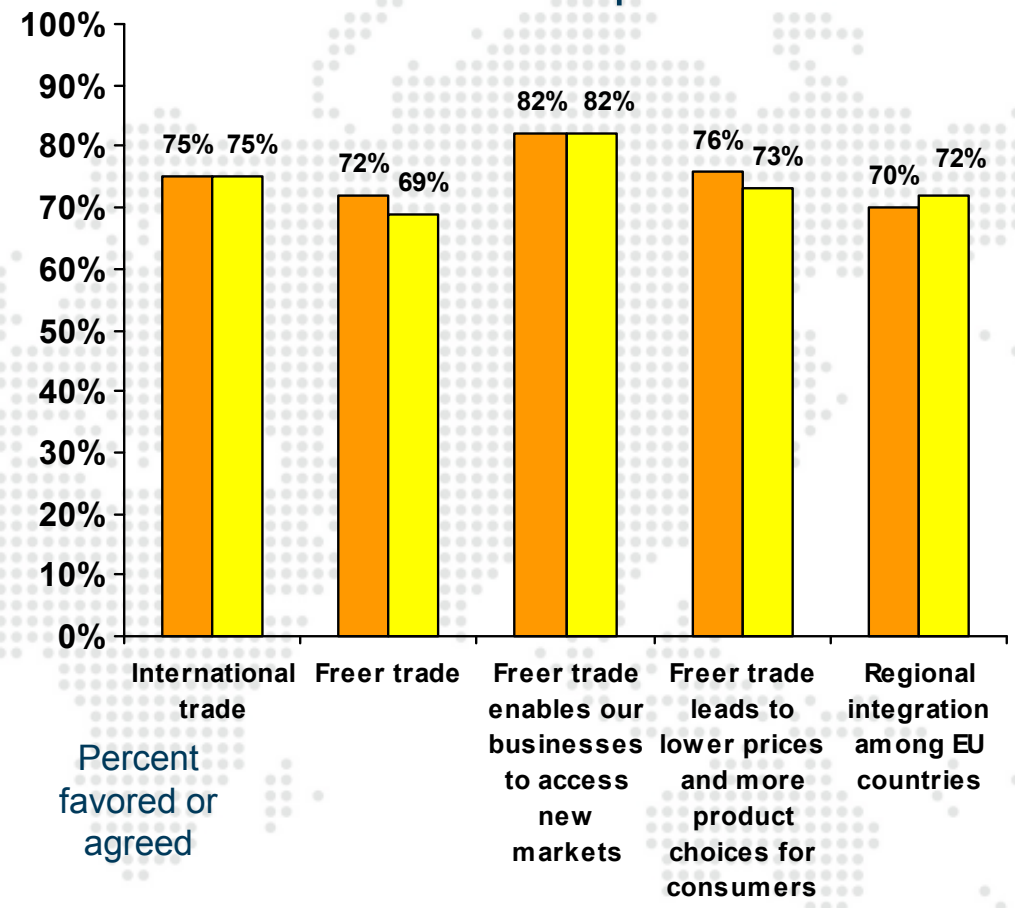
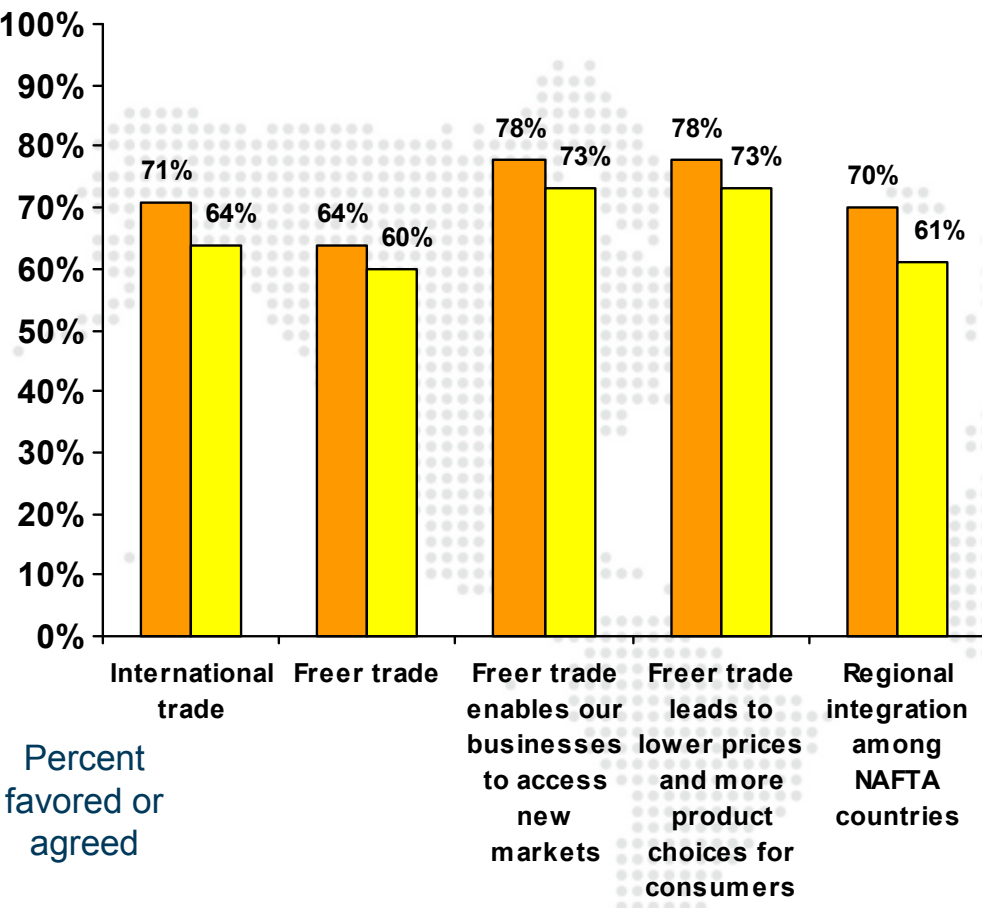
- Development

Free trade benefits recognized, but American support softens

2006-2007

United States

Europe

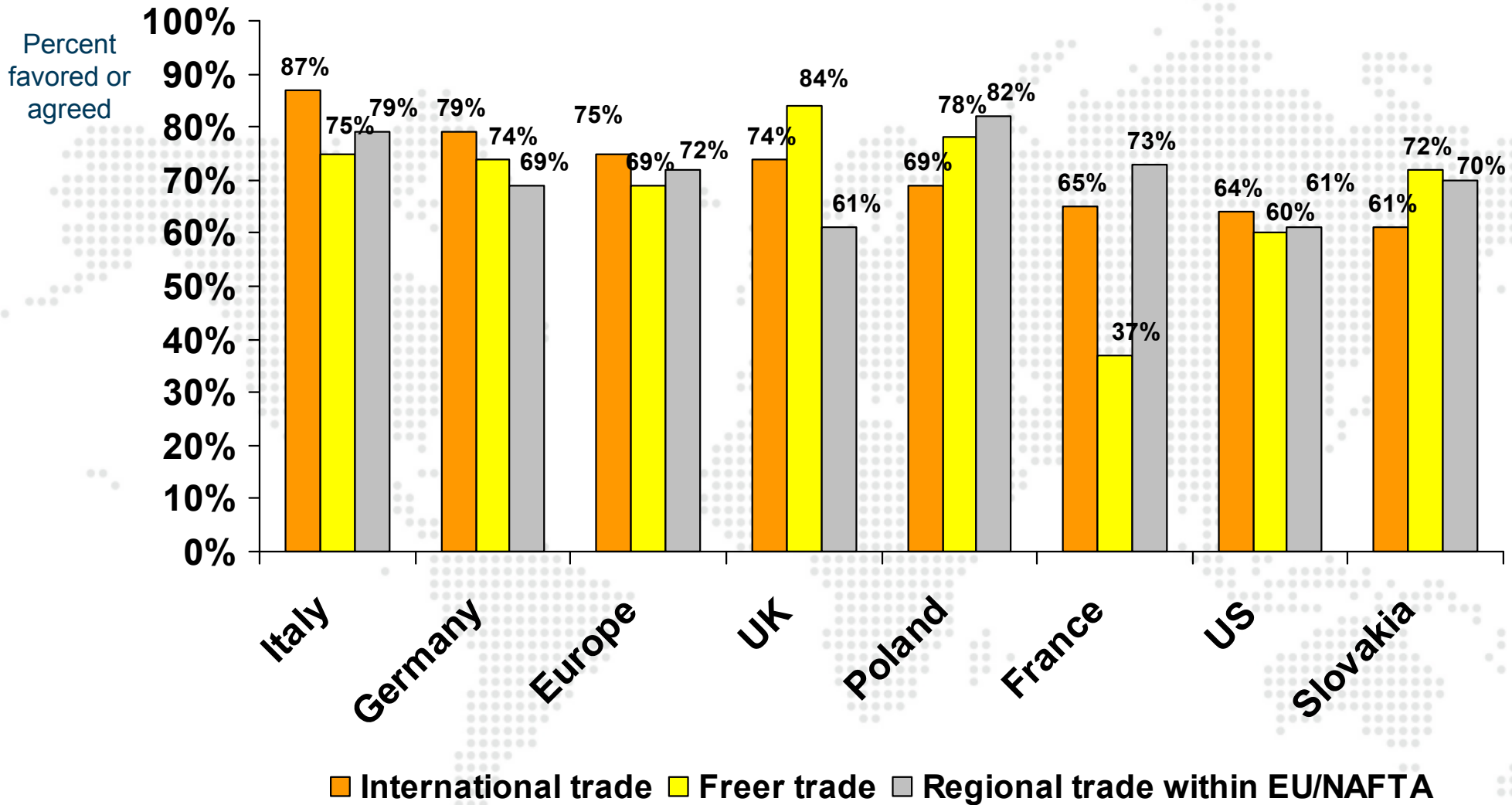


■ United States, 2006 ■ United States, 2007

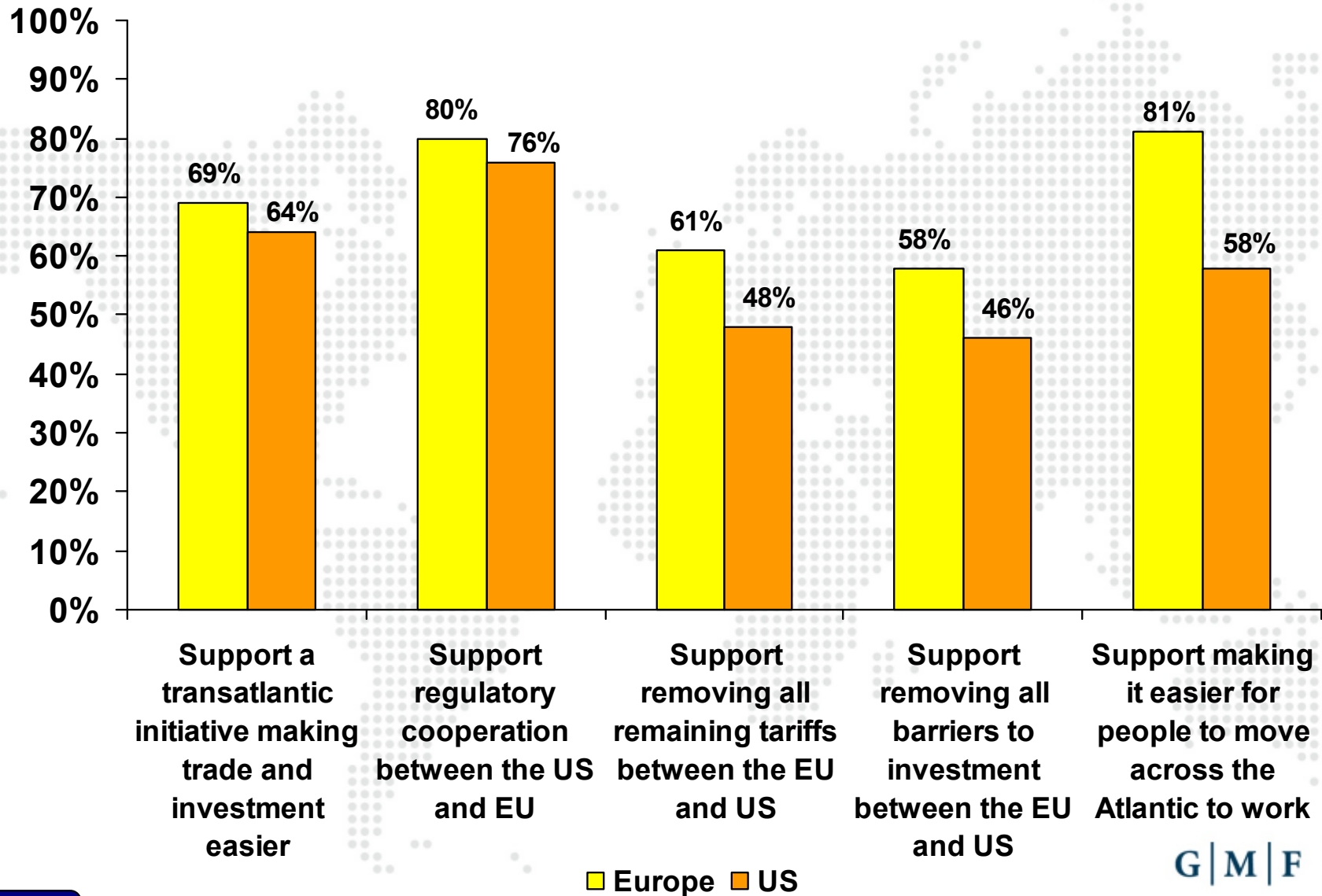
■ Europe, 2006 ■ Europe, 2007

Trade

European support for trade not uniform

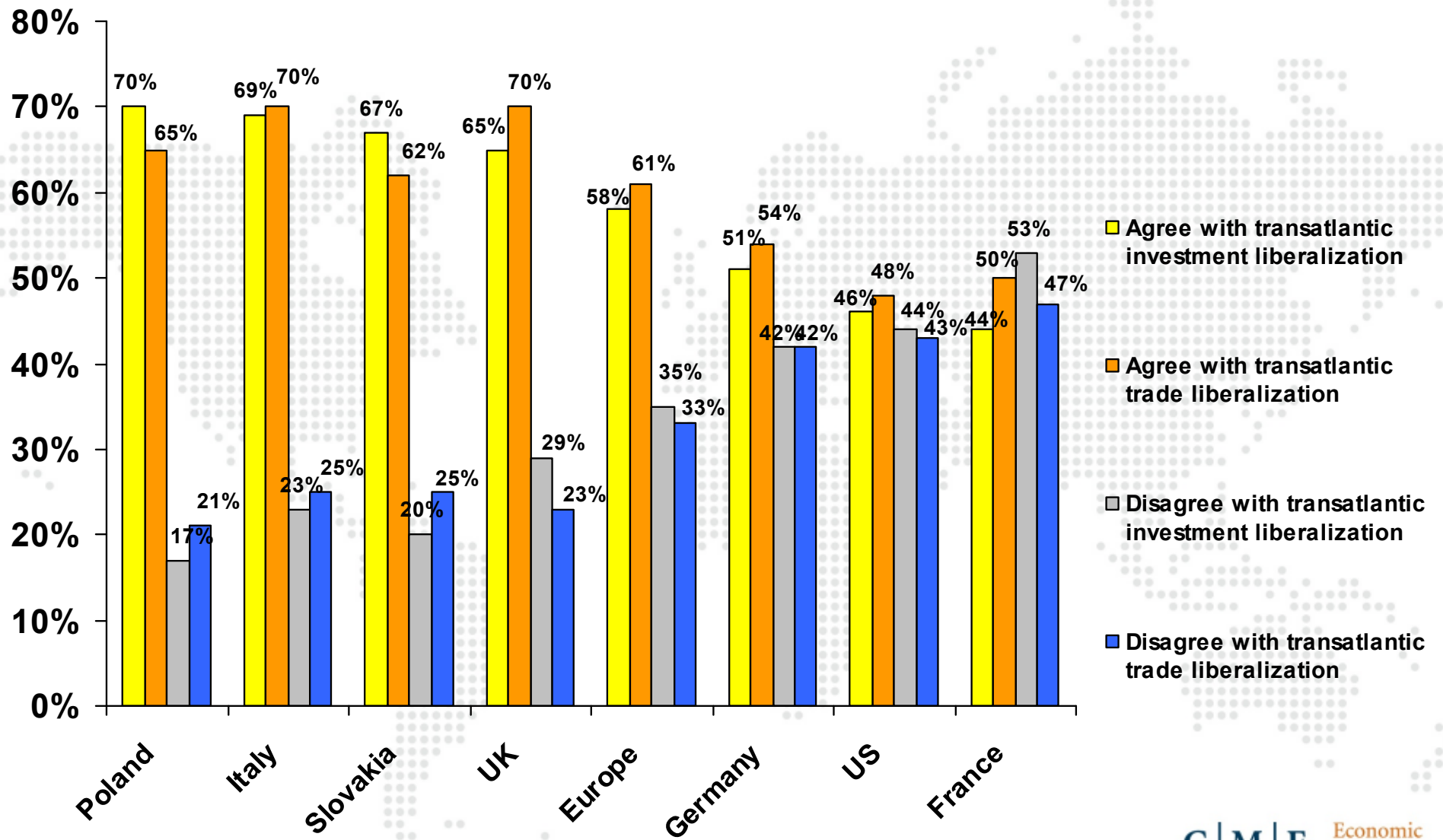


Transatlantic integration favored, but not removal of all barriers



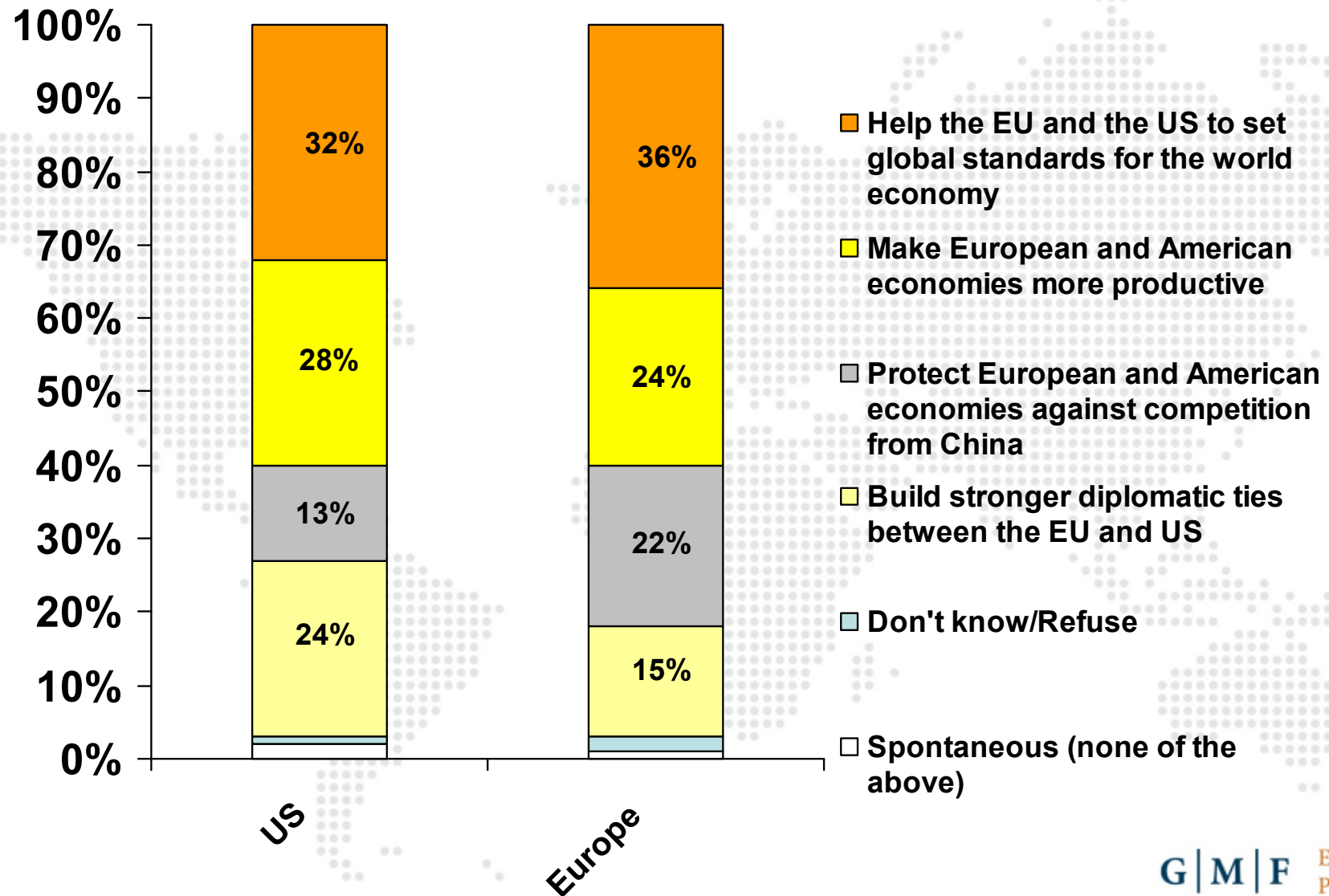
Trade

Polish, Italian, Slovak and British respondents bullish on transatlantic integration



Trade

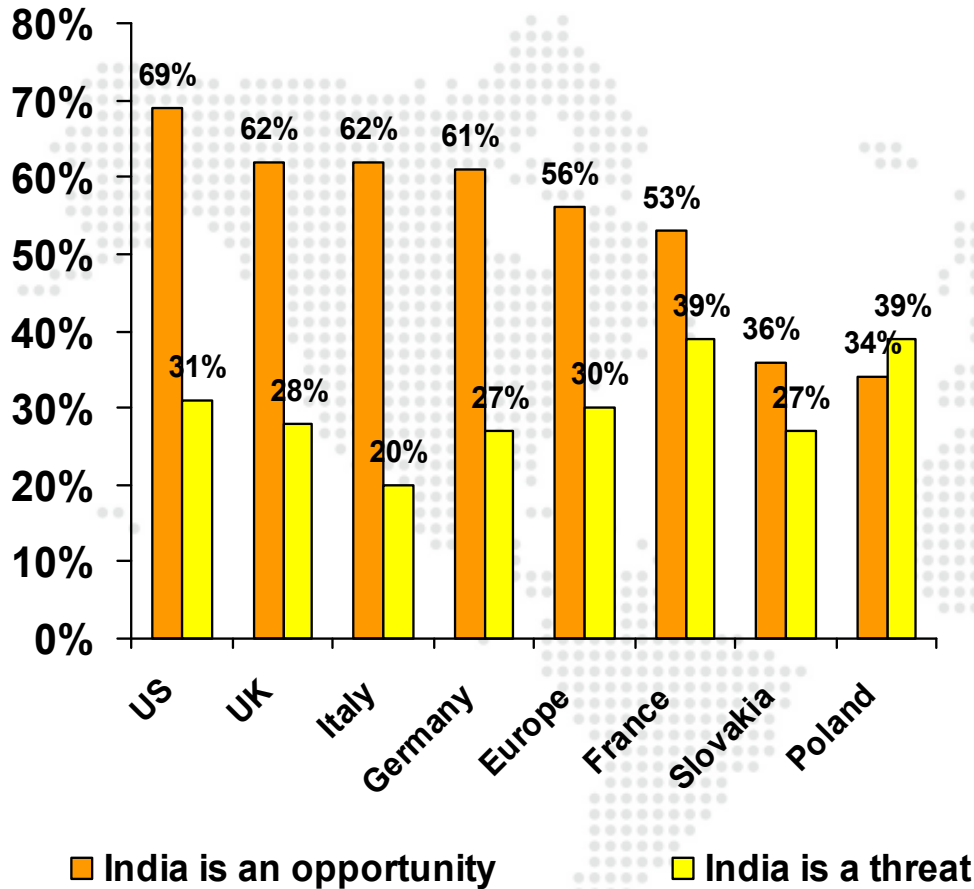
Supporters of transatlantic market want to set global standards and achieve productivity gains *



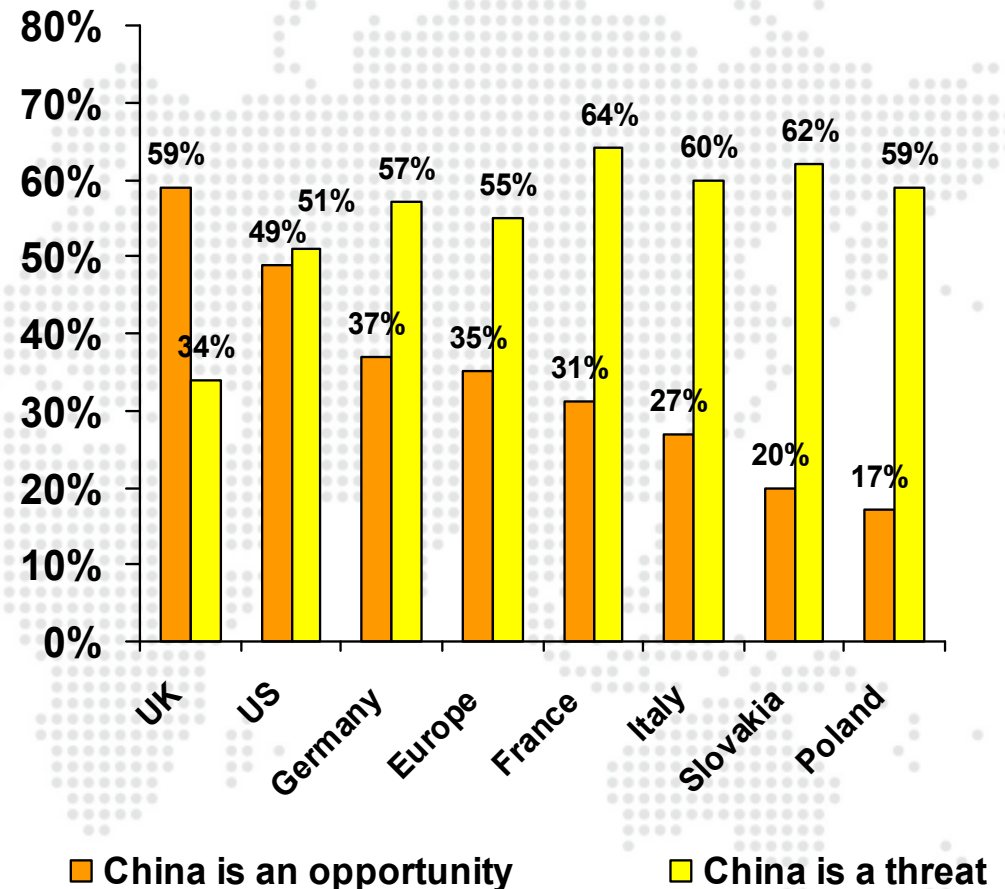
* Based on sample of 67% who support the transatlantic initiative

India viewed more as an opportunity than China

India's growing economy



China's growing economy



The German Marshall Fund of the United States Trade and Poverty Reduction Survey 2007

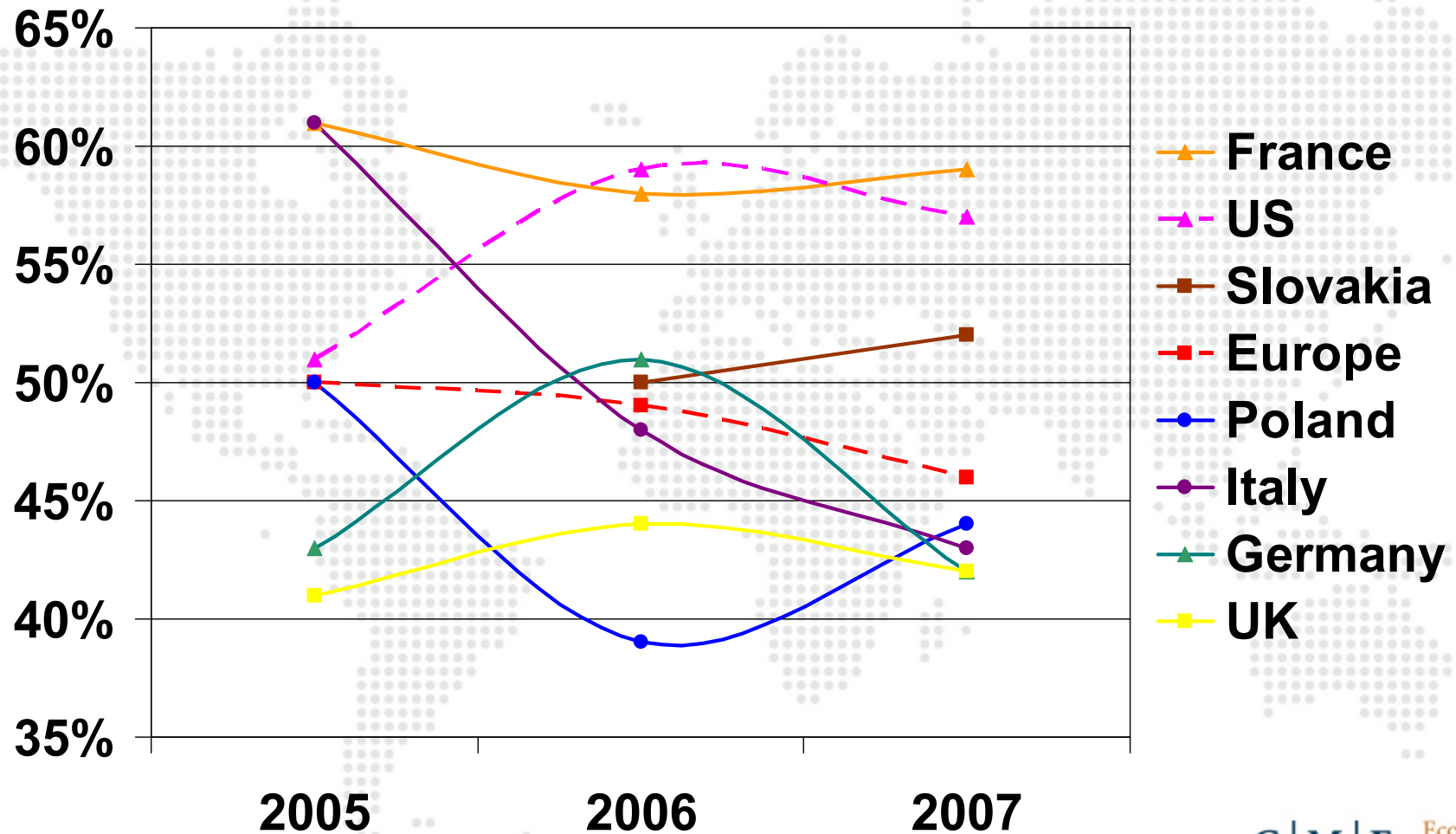
- Trade

- Managing Globalization

- Development

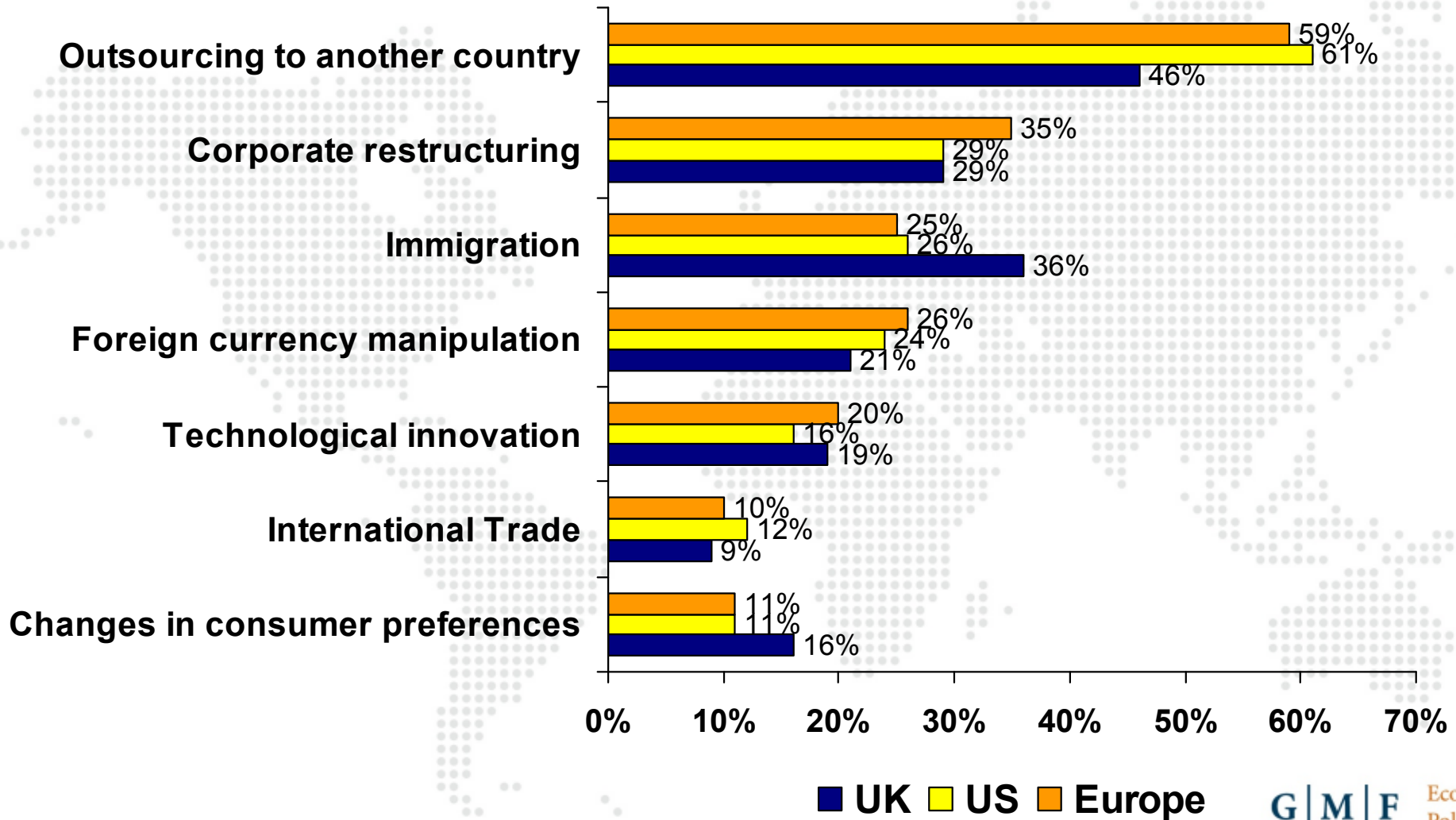
Americans and Europeans split over impact of trade on jobs

Does freer trade cost more jobs than it creates?



Outsourcing the leading cause of job loss *

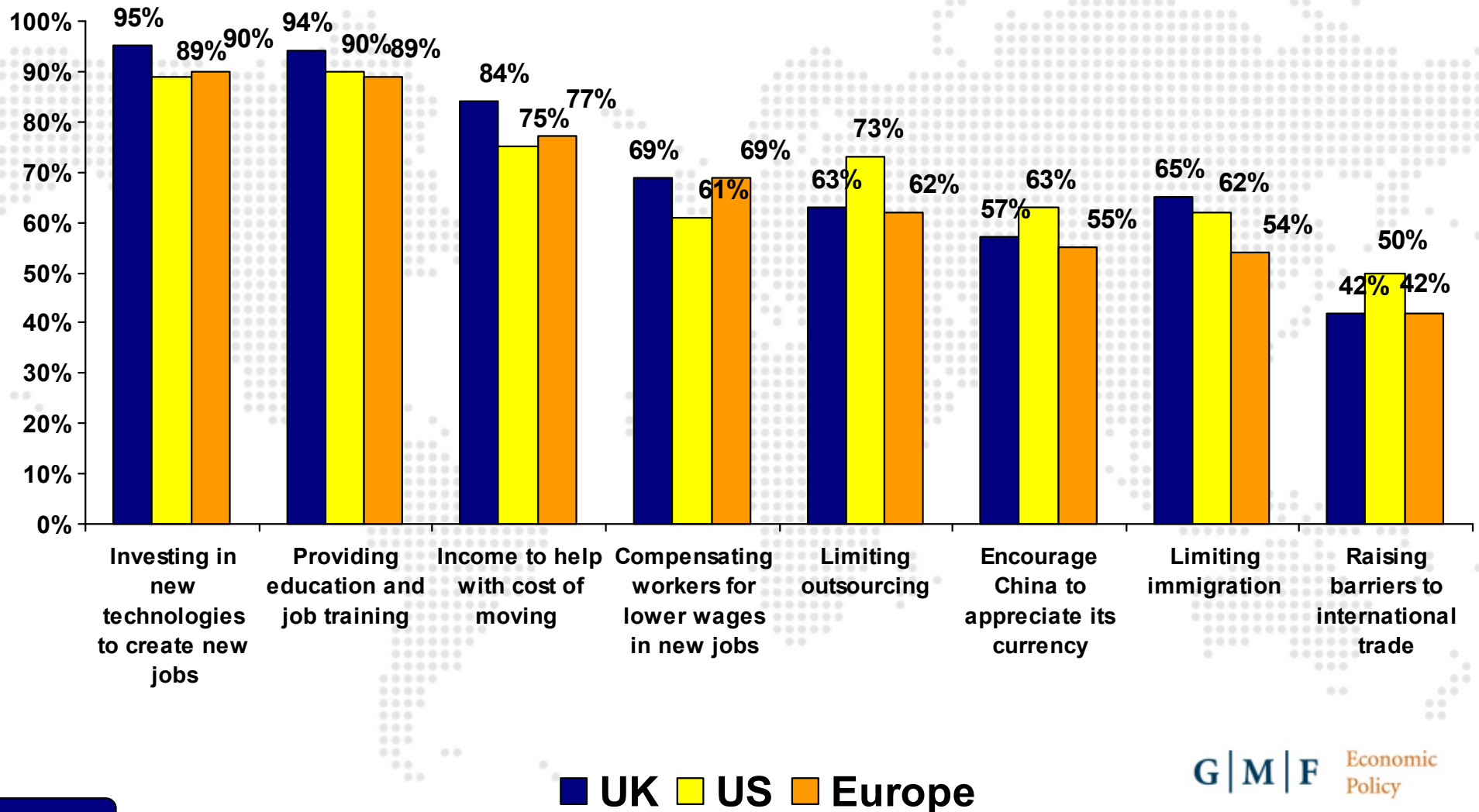
What factors are most responsible for job loss?



* Percentage who ranked each response among their top two factors most responsible for loss of domestic jobs

Most prefer investing in people and technology to ease trade impact

What policy options are considered most helpful to trade-displaced workers?



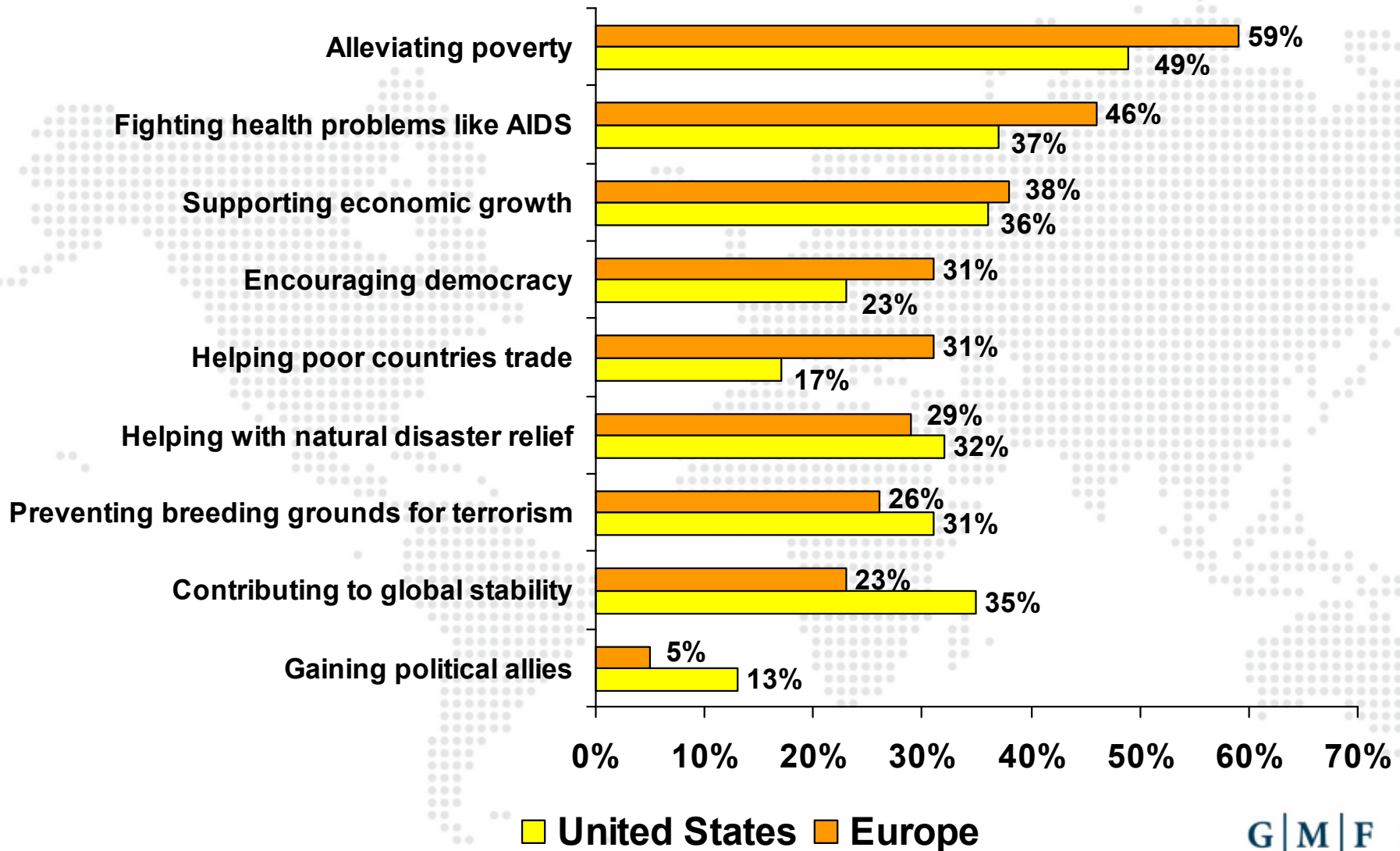
* Each item is an individual question on whether this policy response was helpful or not helpful to trade-displaced workers

The German Marshall Fund of the United States Trade and Poverty Reduction Survey 2007

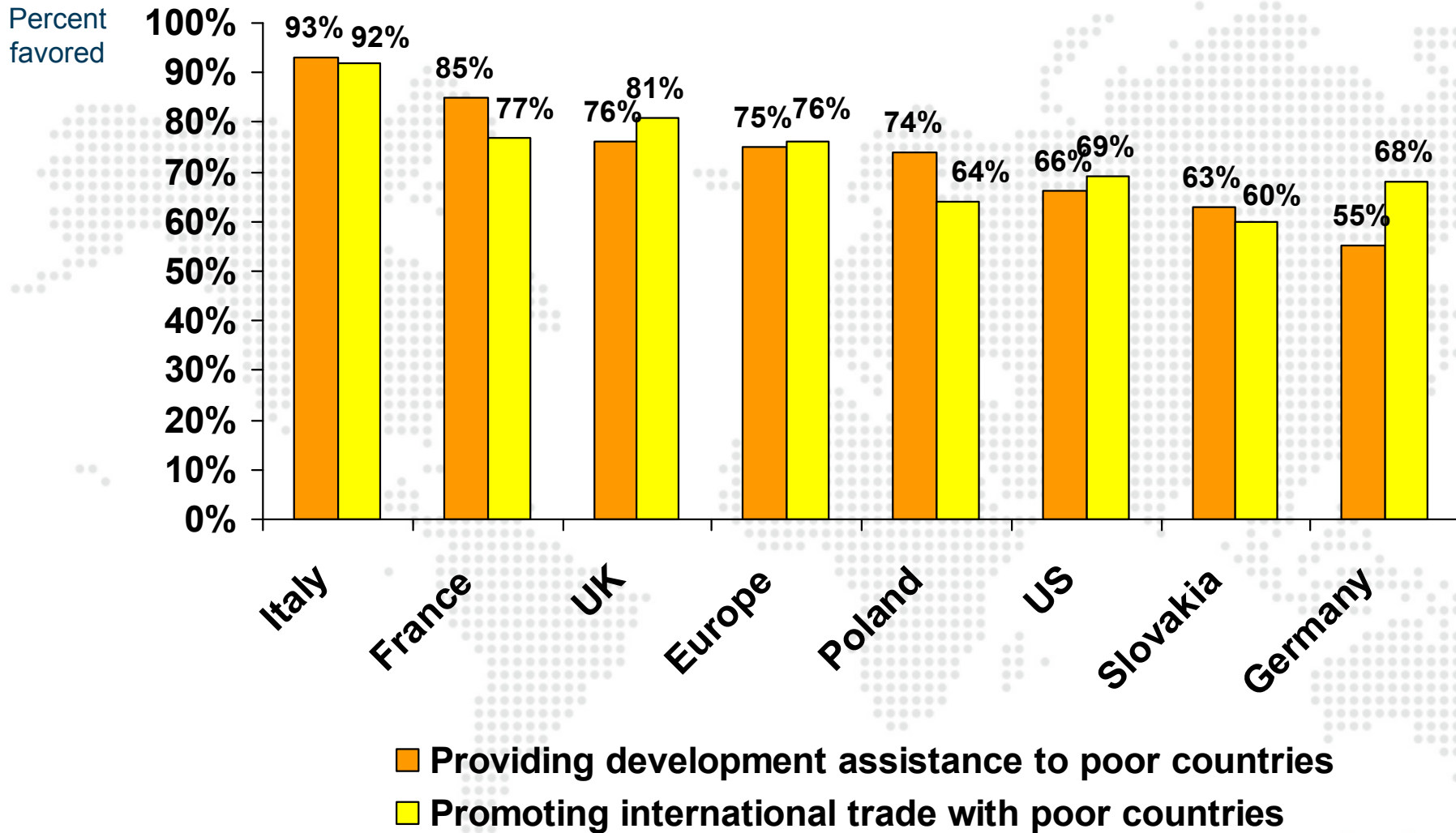
- Trade
- Managing Globalization
- Development

Moral concerns and hope for growth drive aid support *

What are your most important reasons for giving aid?

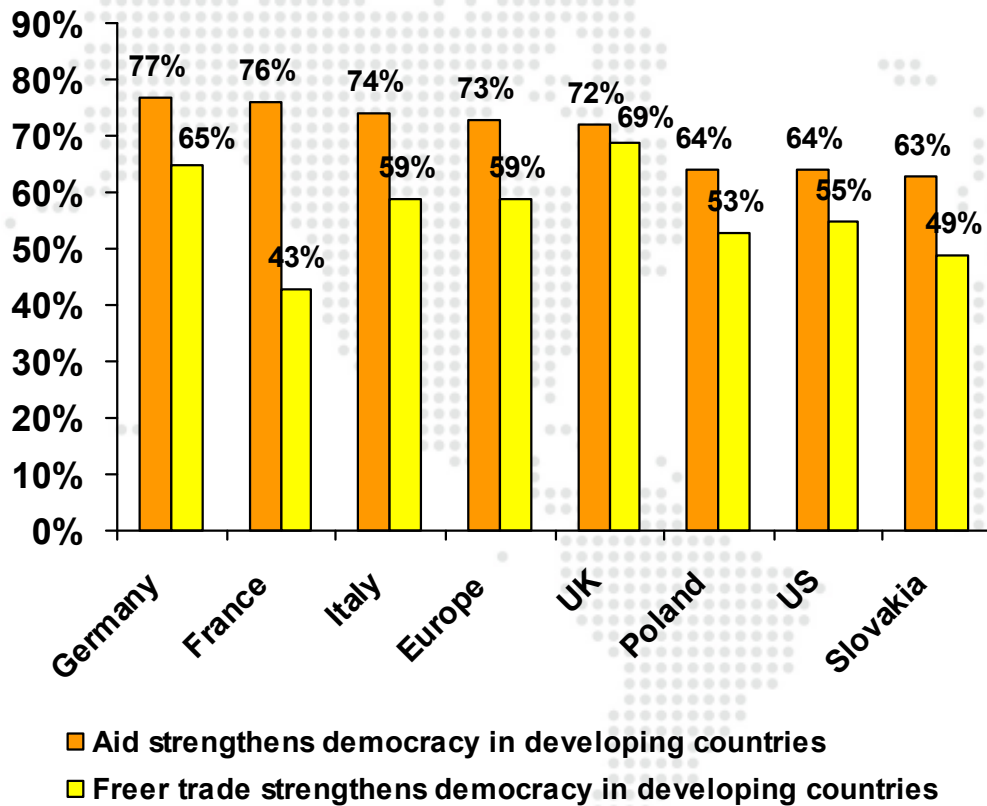


Broad support for aid and trade as development tools

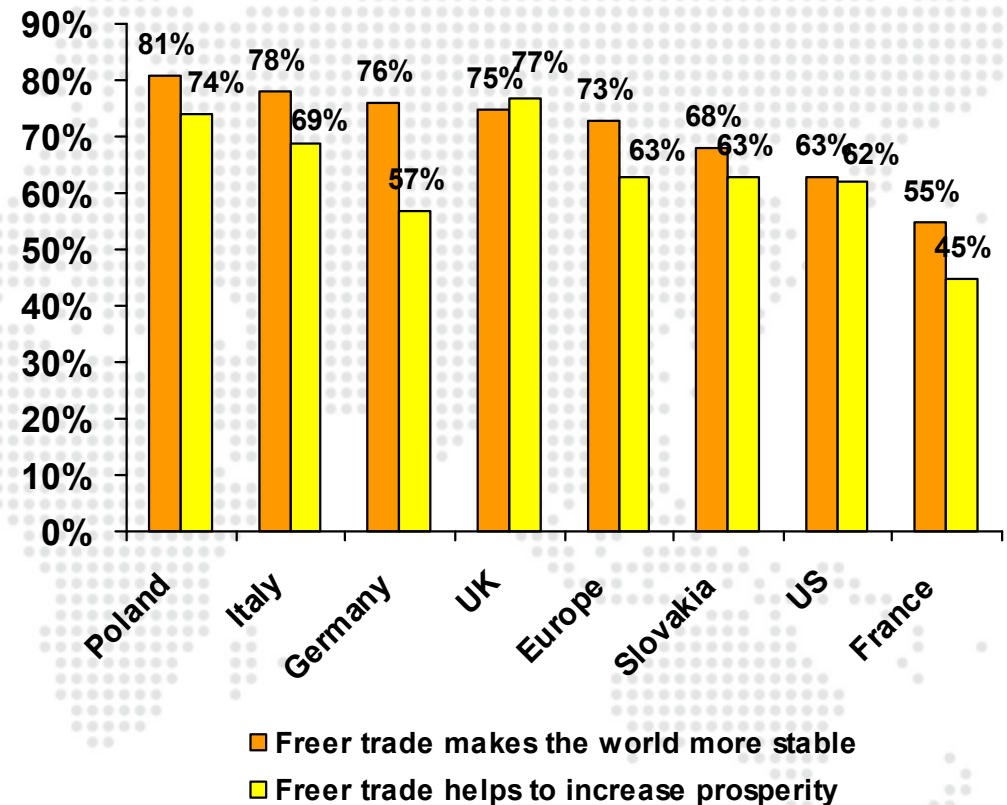


Most see foreign policy benefits from aid and trade

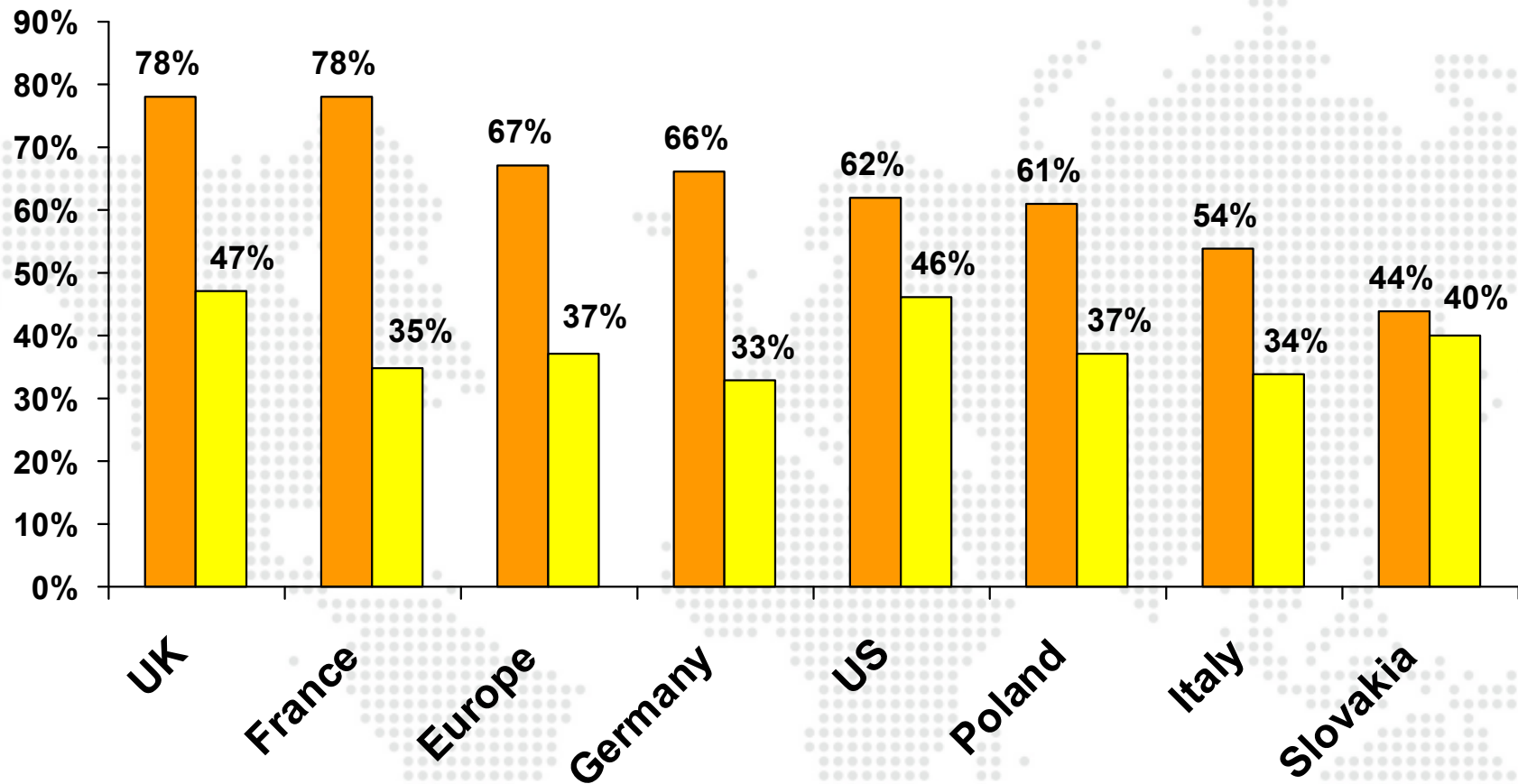
Aid and trade strengthens democracy in developing countries?



Freer trade leads to shared prosperity and global stability?



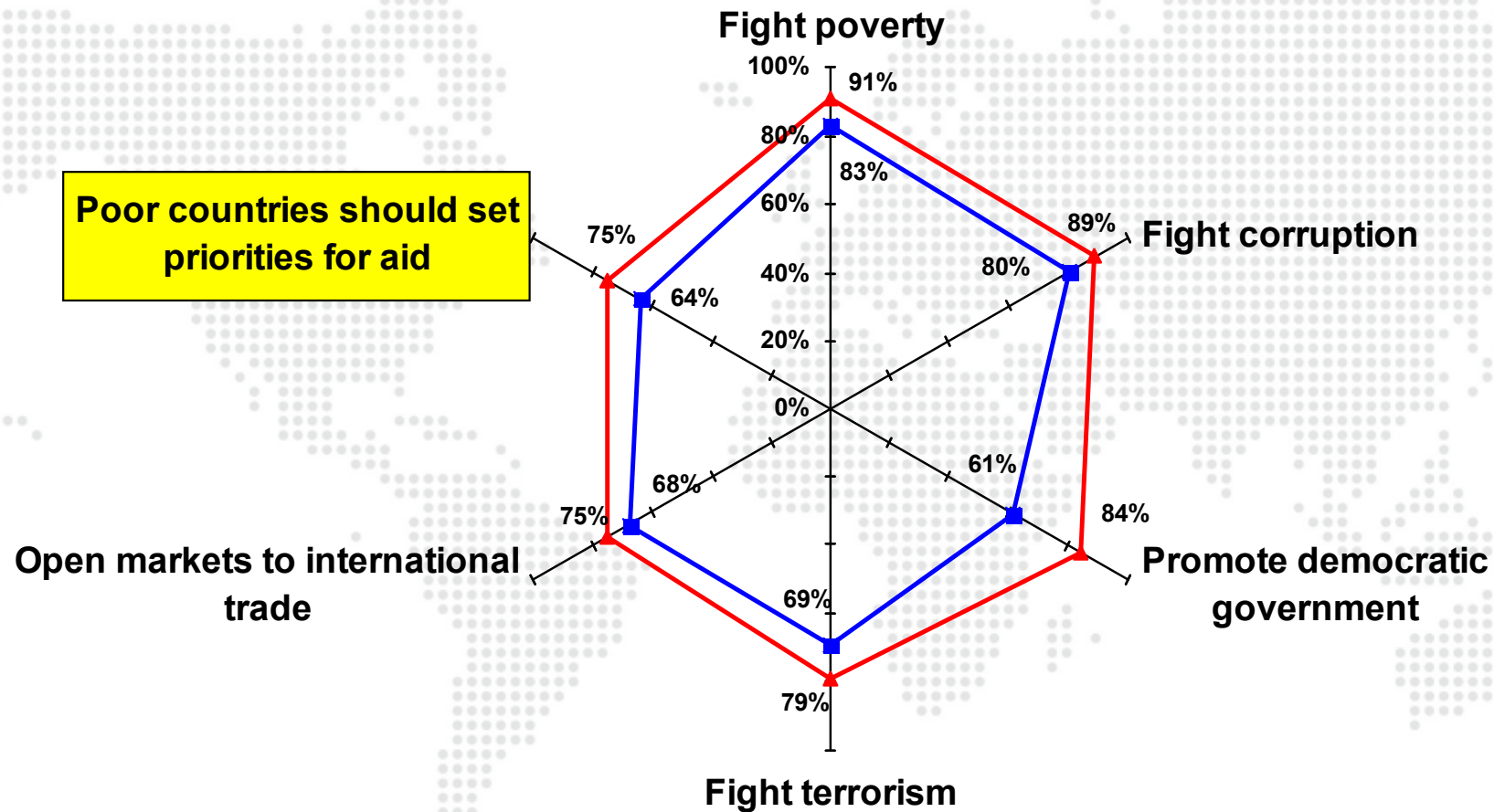
More trade seen as stabilizing Africa



- Lowering trade barriers with Africa could help address modern threats like unstable states and poverty
- Lowering trade barriers with Africa will result in job losses at home

Most favor conditions on foreign aid

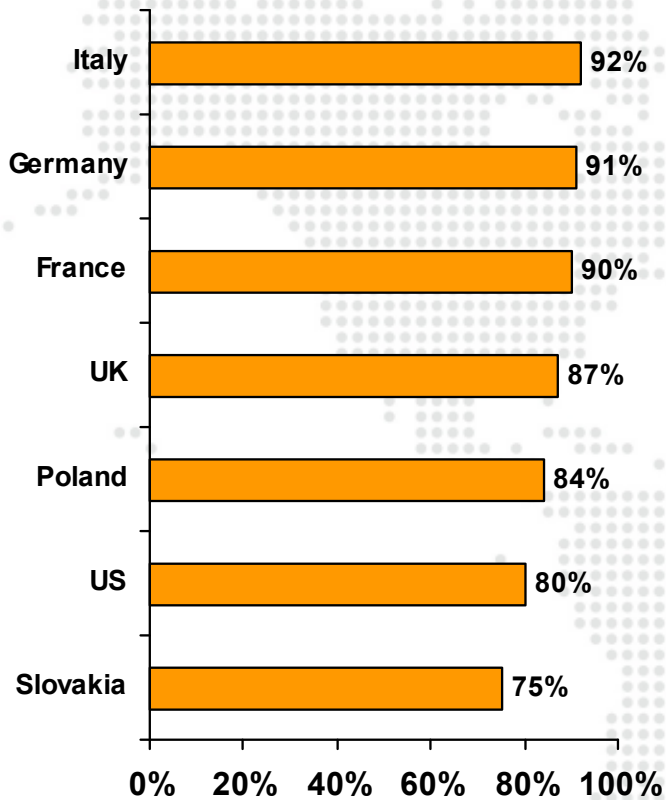
The level of aid should be linked to efforts these countries make to...



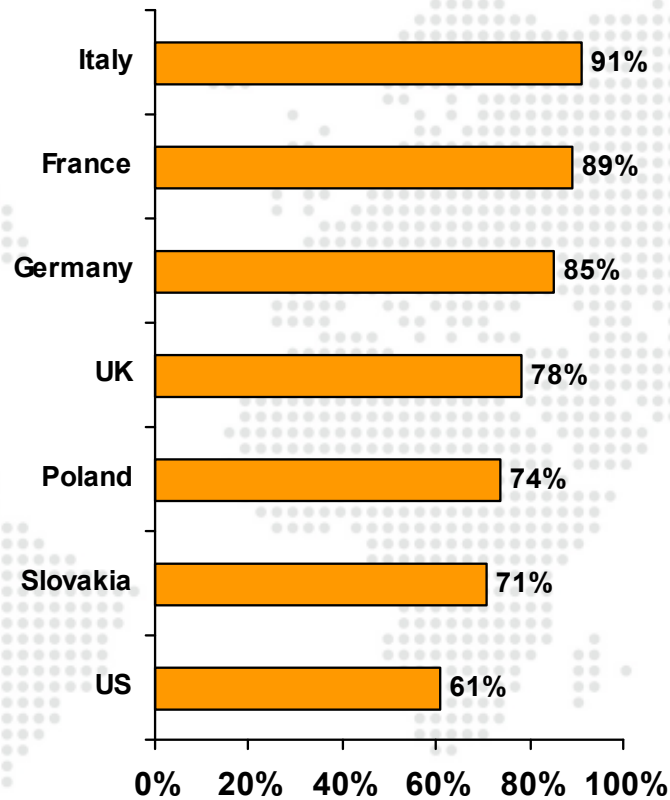
Poor countries should set priorities for aid

Europeans leading advocates of good governance aid

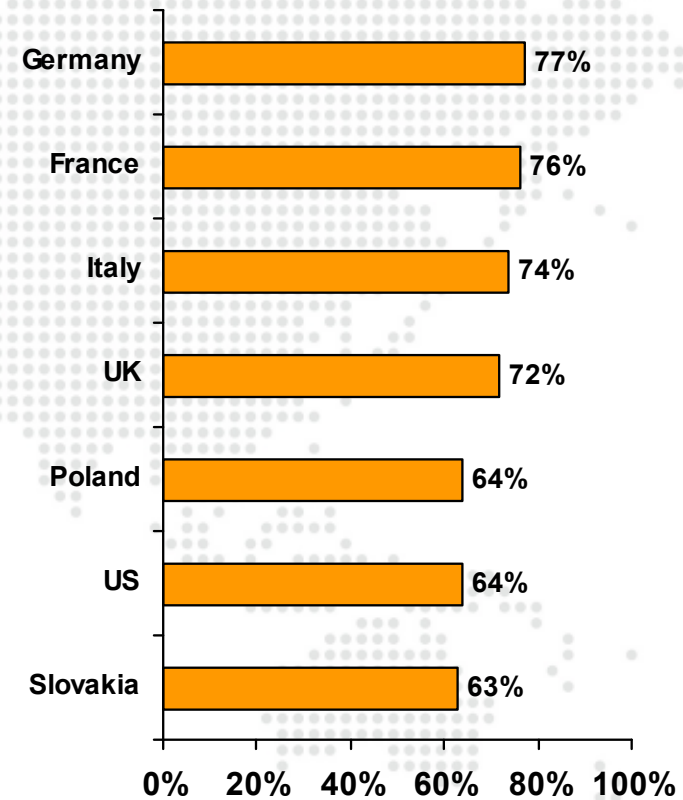
Level of aid should be linked to fighting corruption



Level of aid should be linked to promoting democracy



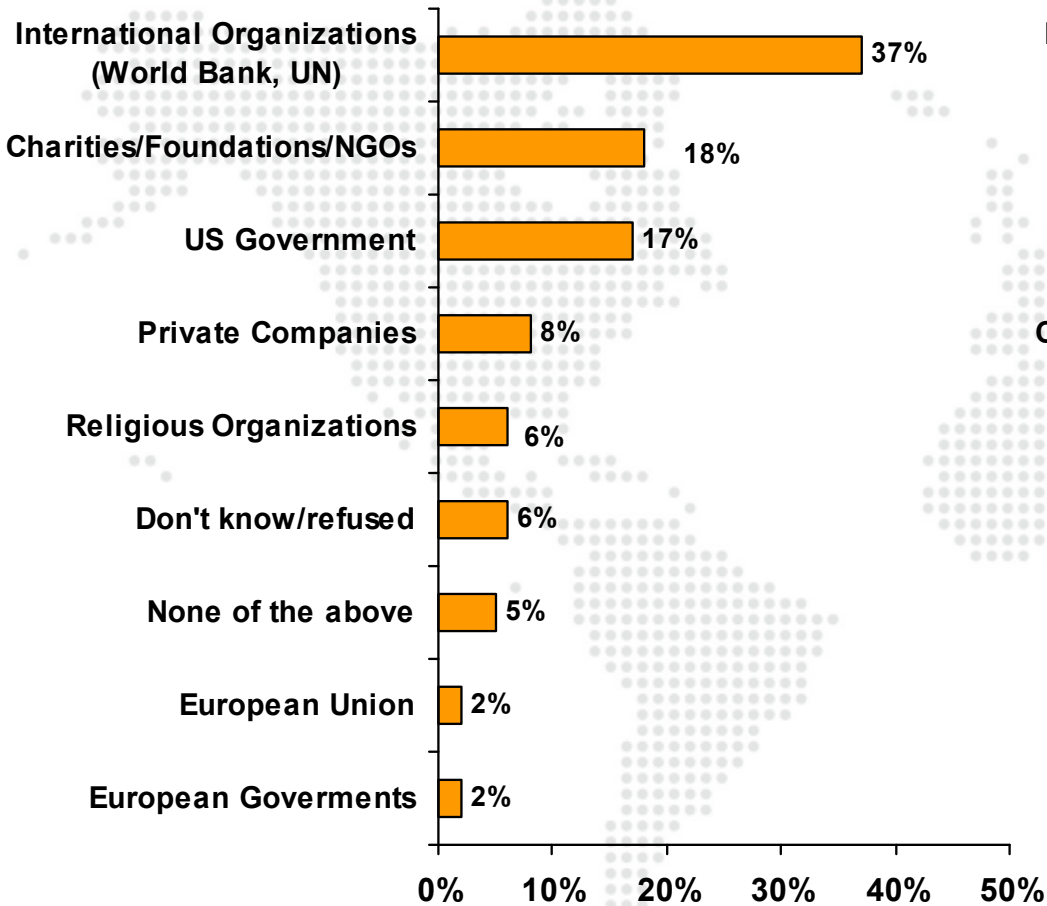
Aid strengthens democracy in developing countries



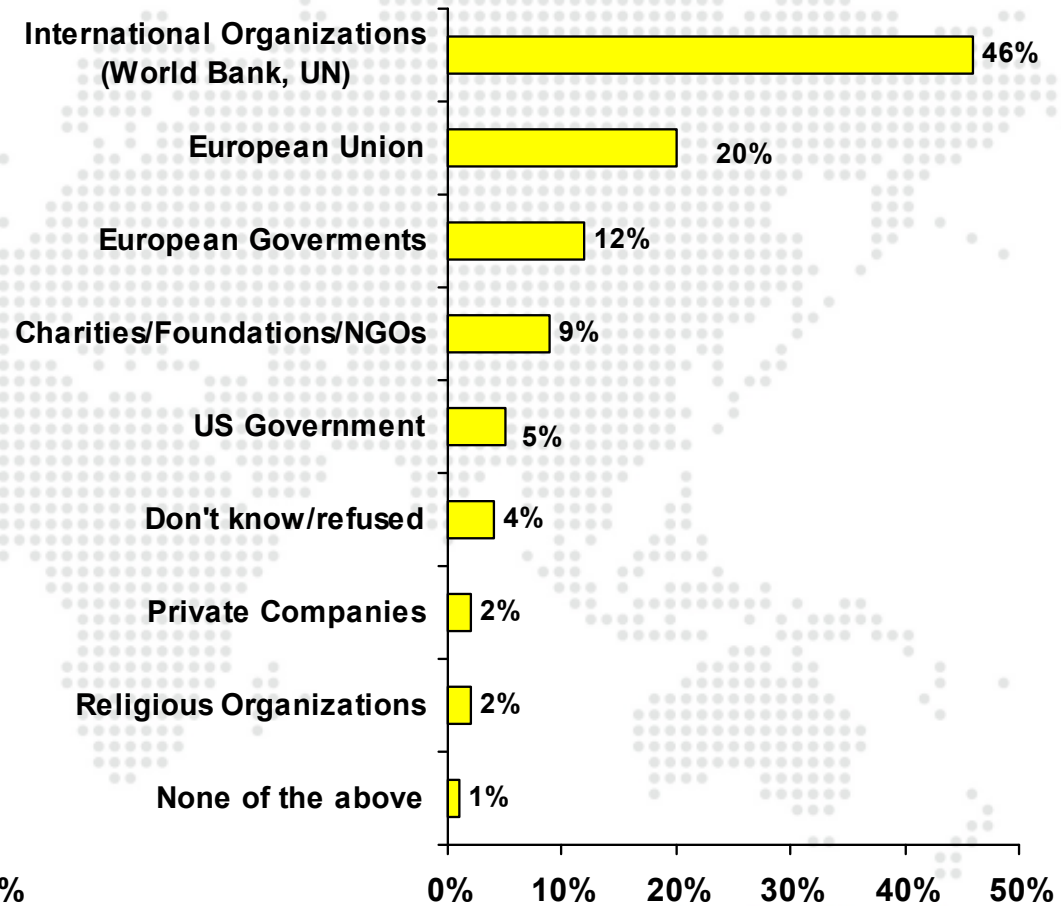
Europeans prefer public-sector-driven aid

Who should have primary responsibility for delivering aid?

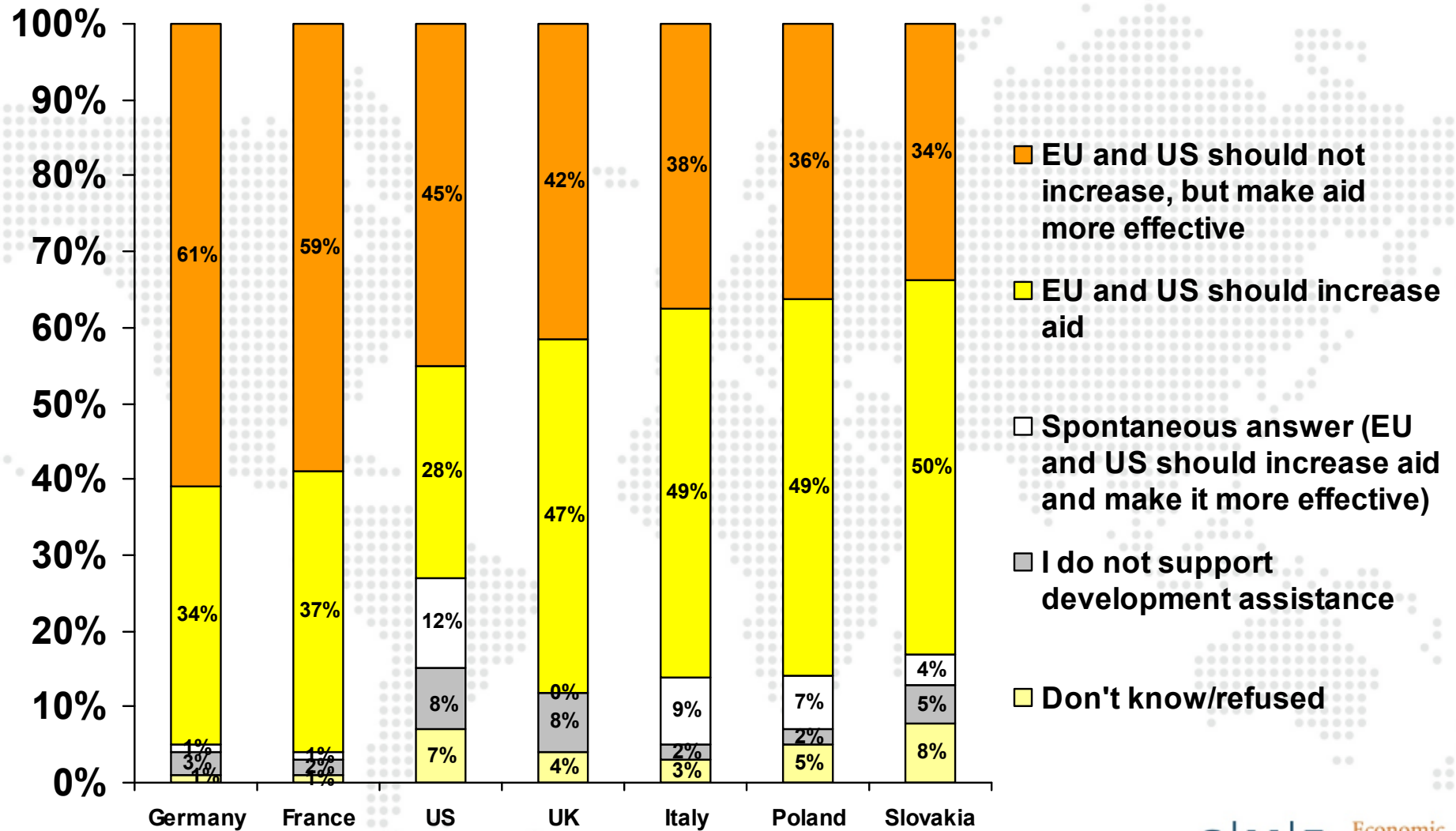
Americans



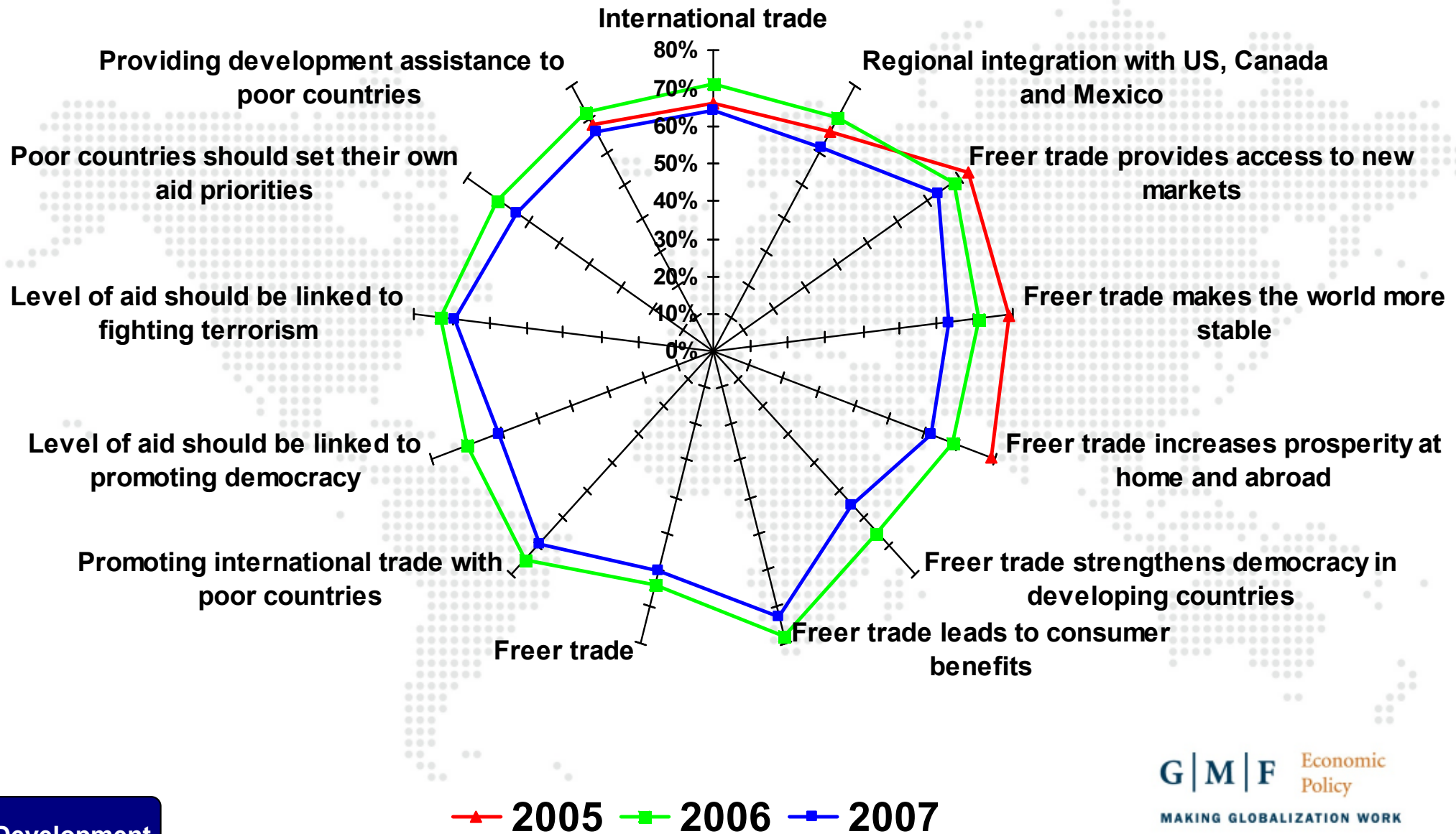
Europeans



Largest donors want more effective aid



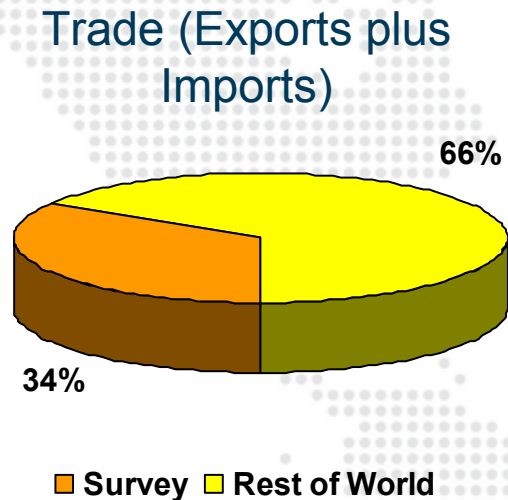
Declining support for U.S. global engagement



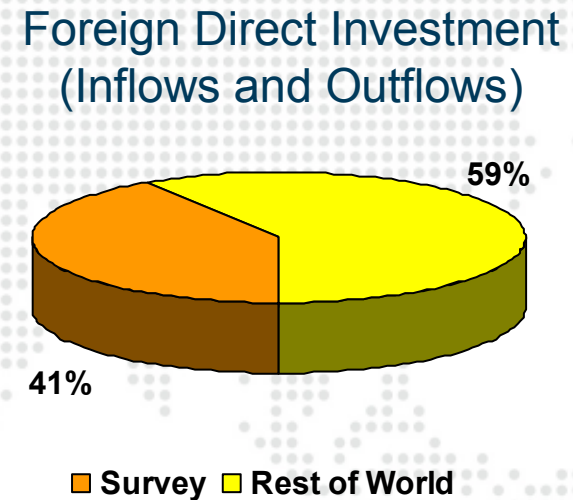
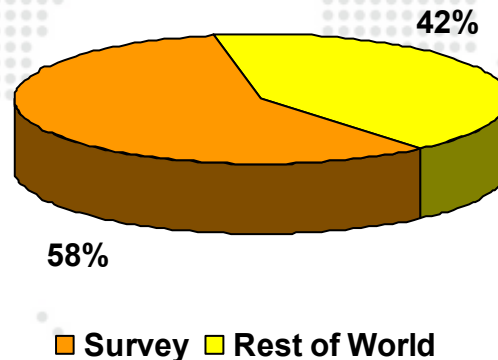
Development

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Survey countries represent significant shares of global trade, FDI and development assistance



Official Development Assistance (ODA)



Source: WTO, UNCTAD, OECD

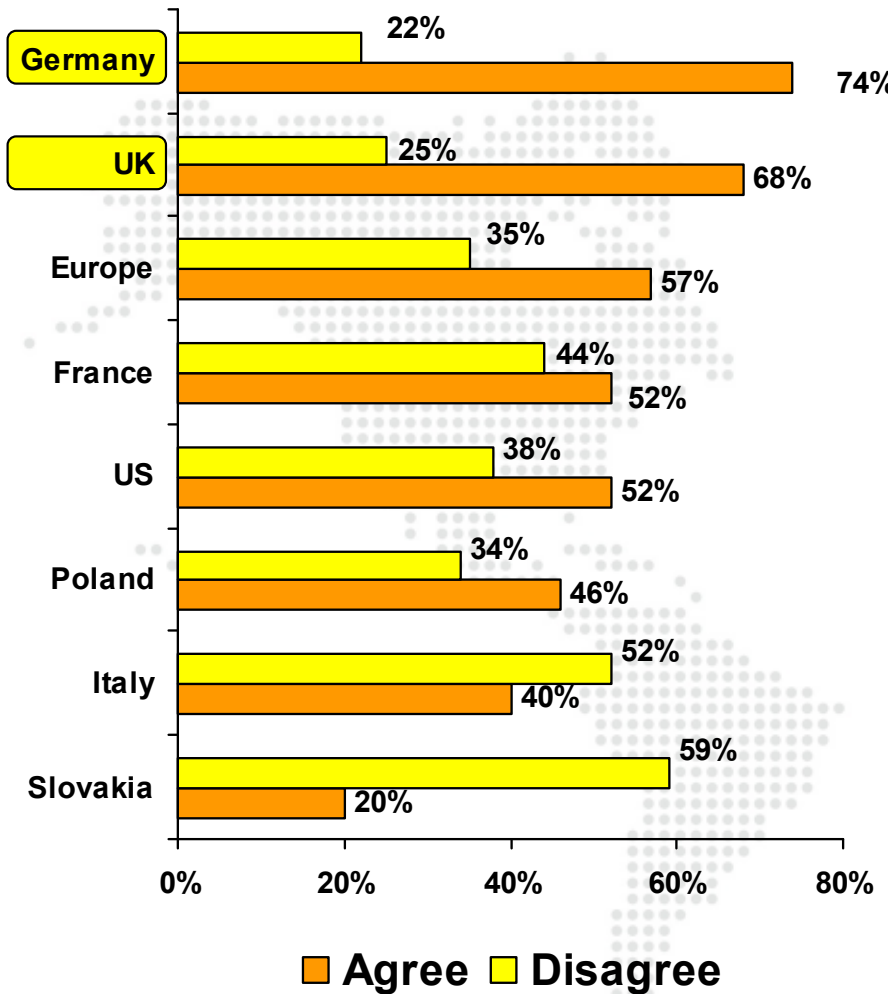
The German Marshall Fund of the United States Trade and Poverty Reduction Survey 2007



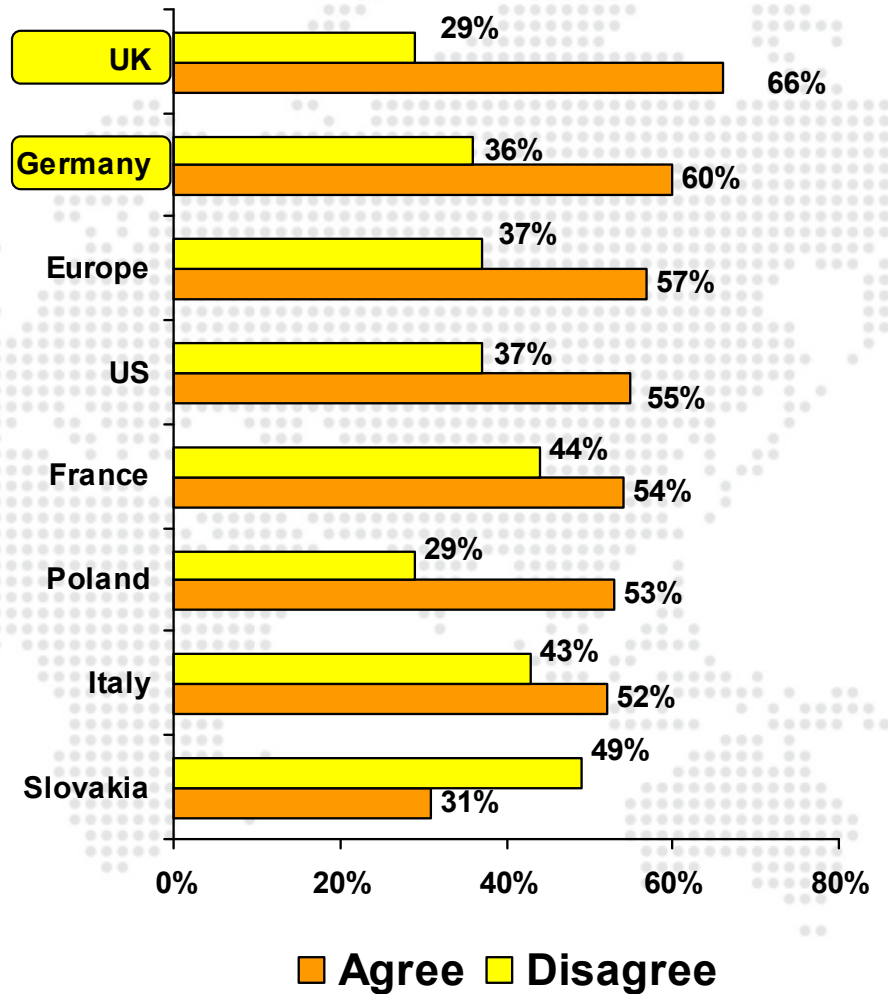
APPENDIX

Germans and British appreciate economic gains from migration

Immigrant workers contribute to the success of industries like science, medicine and technology



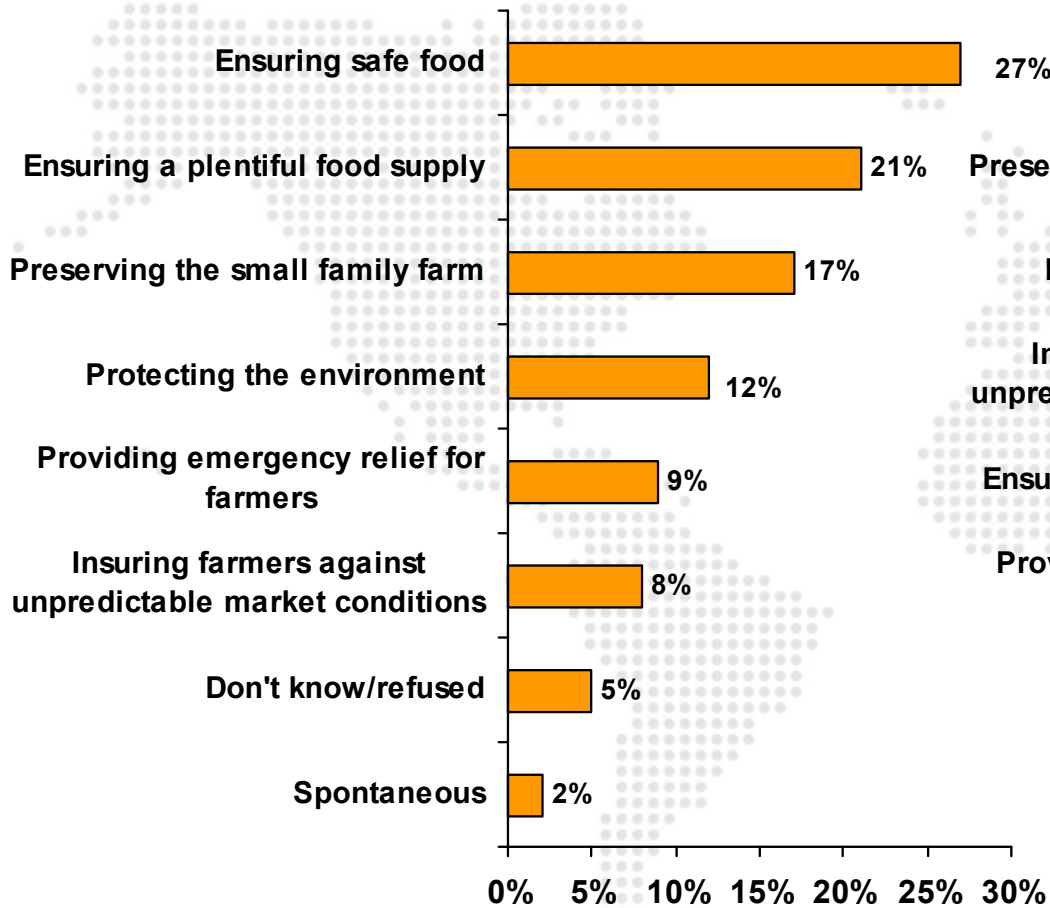
Immigrant workers create new businesses that add value to the economy



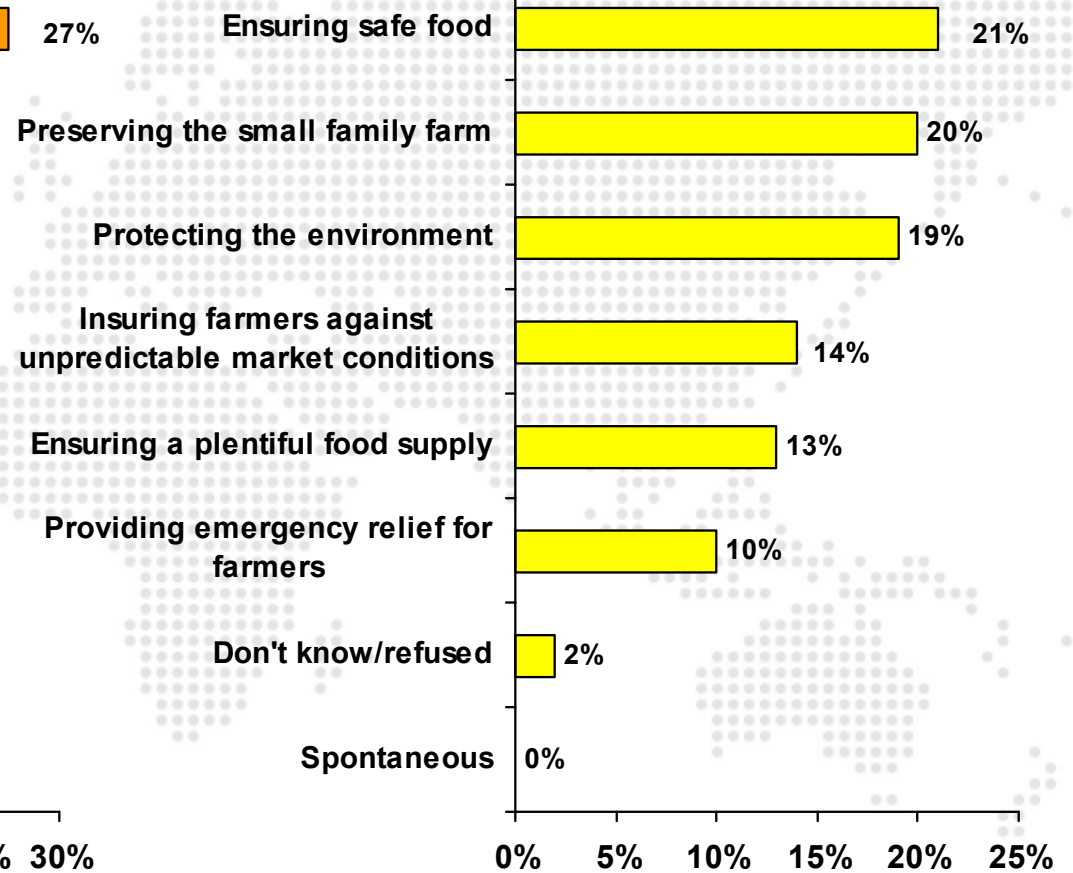
Agriculture: food supply priority for Americans, environment for Europeans

Which of the following should be the top priority when providing domestic agriculture support?

Americans

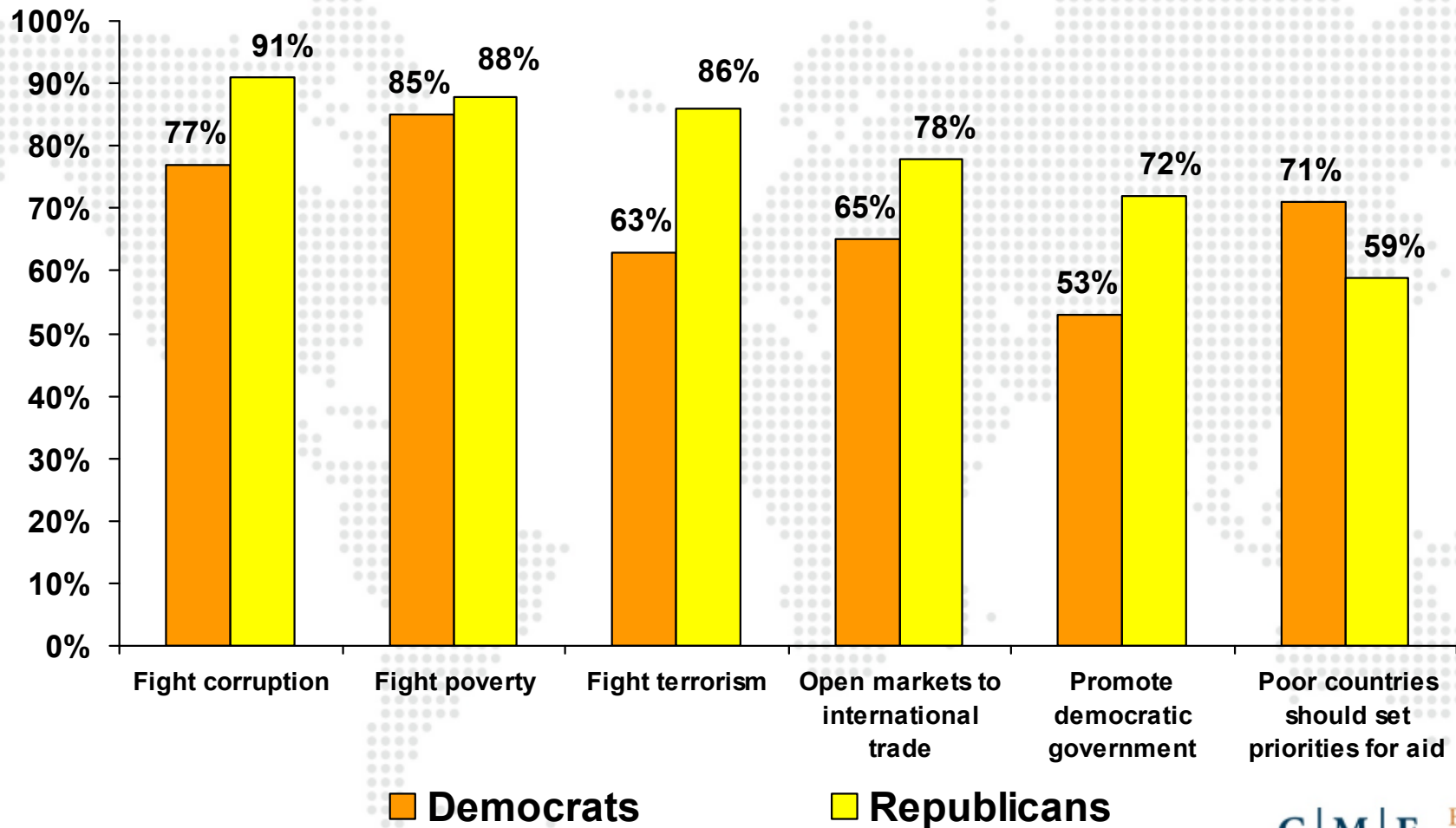


Europeans



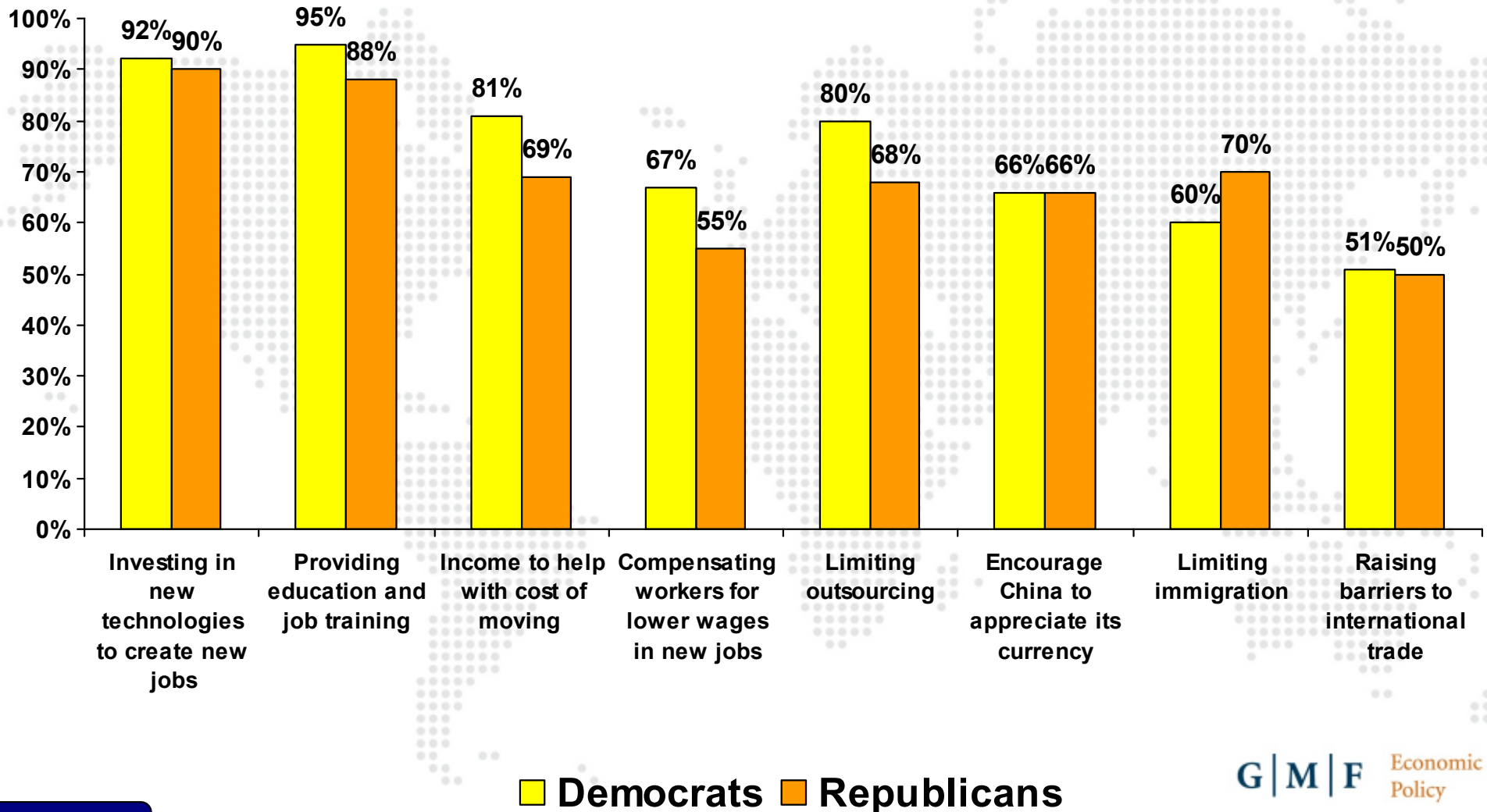
Views differ on aid conditionality in the U.S.

The level of aid should be linked to efforts these countries make to...



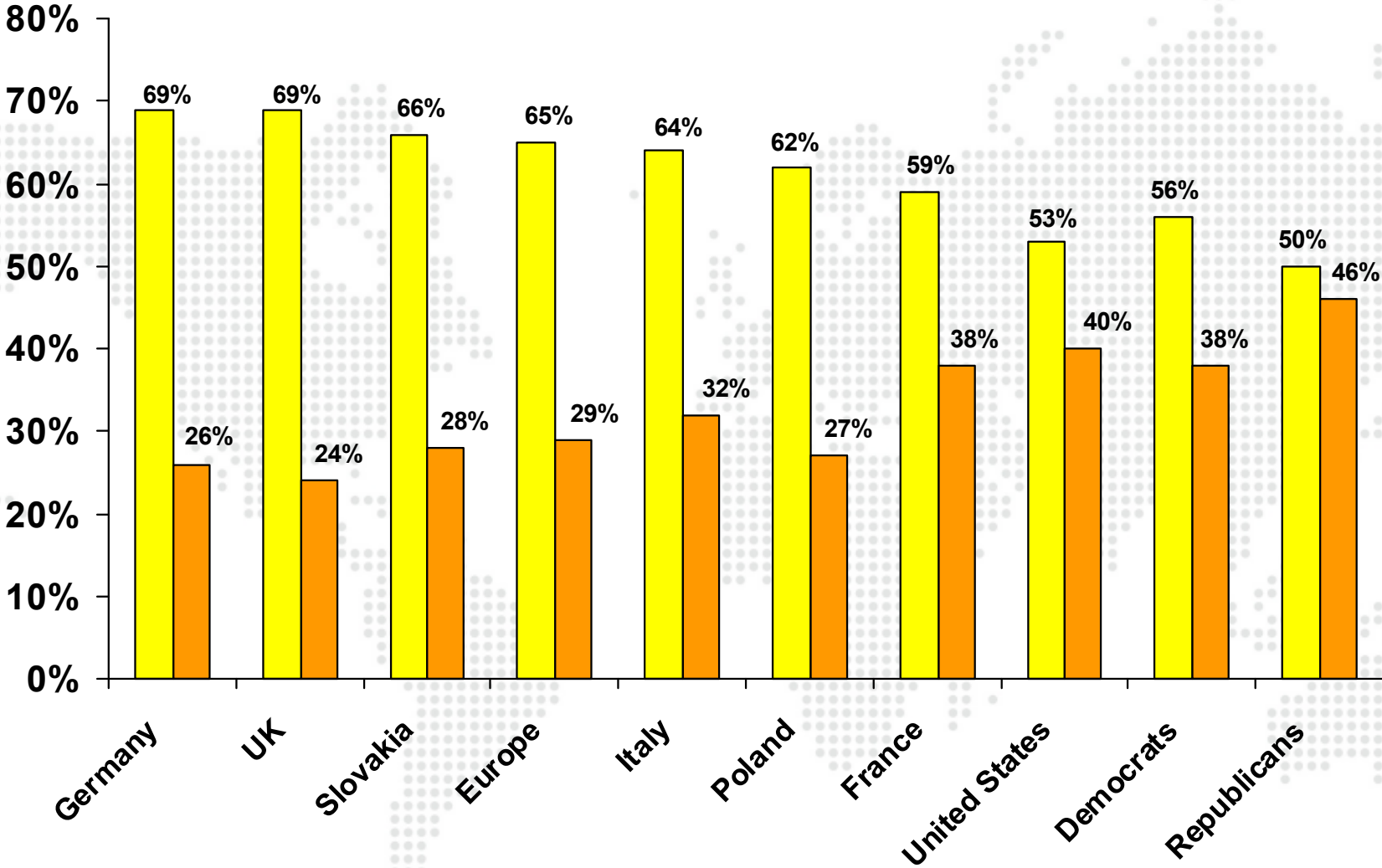
Republicans and Democrats reveal some different opinions on policy responses

What policy options are considered most helpful to trade-displaced workers?



* Each item is an individual question on whether this policy response was helpful or not helpful to trade-displaced workers

Americans most skeptical of FDI

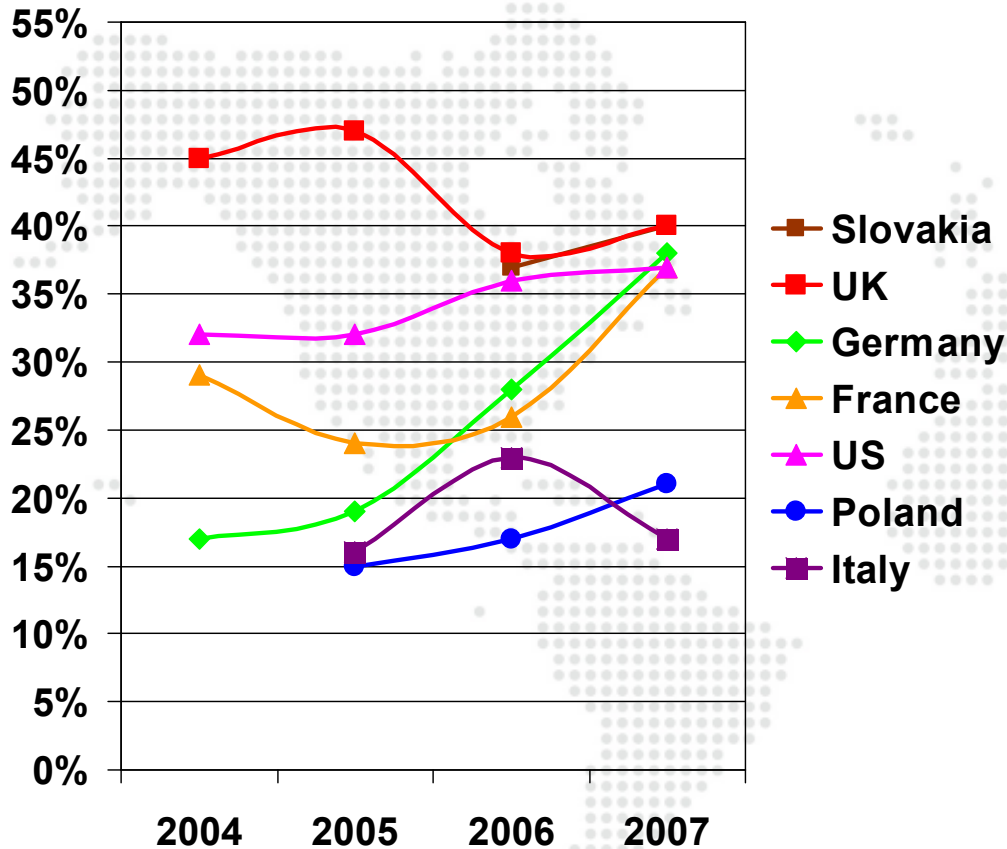


■ Favorable, 2007 ■ Unfavorable, 2007

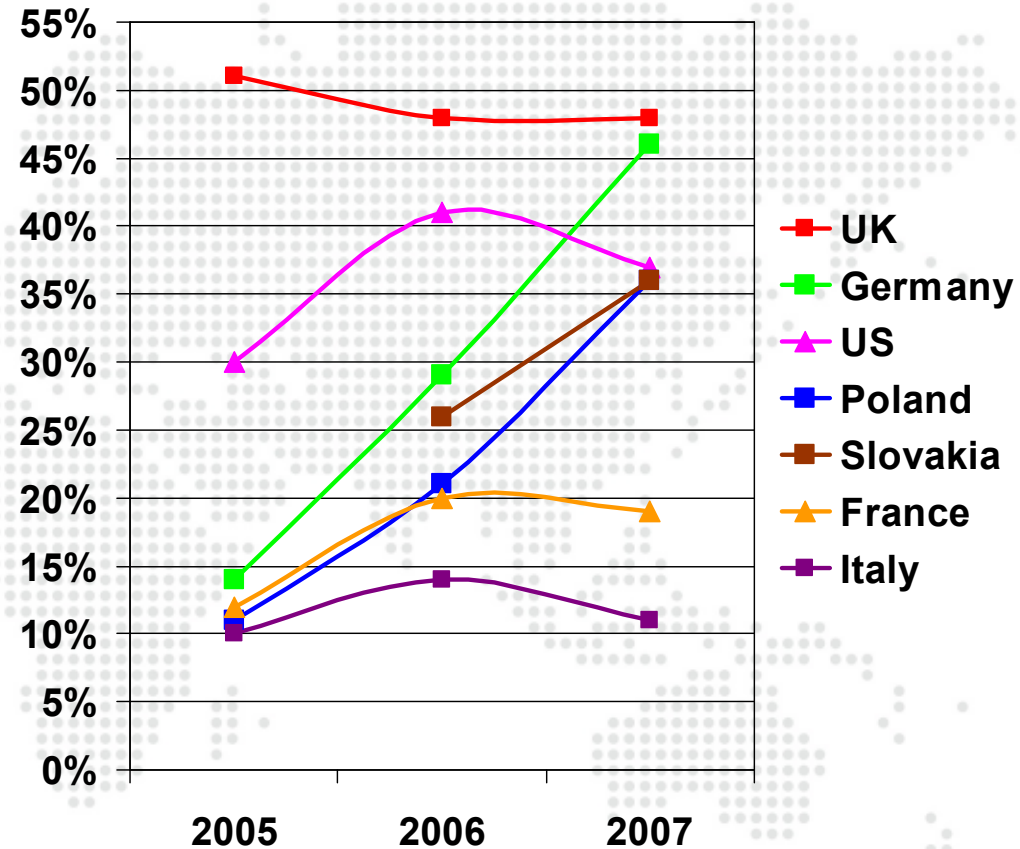
Trade

British remain upbeat, while German fortunes rise

Satisfied with the ways things are going in your country?



Satisfied with the way things are going with the economy?

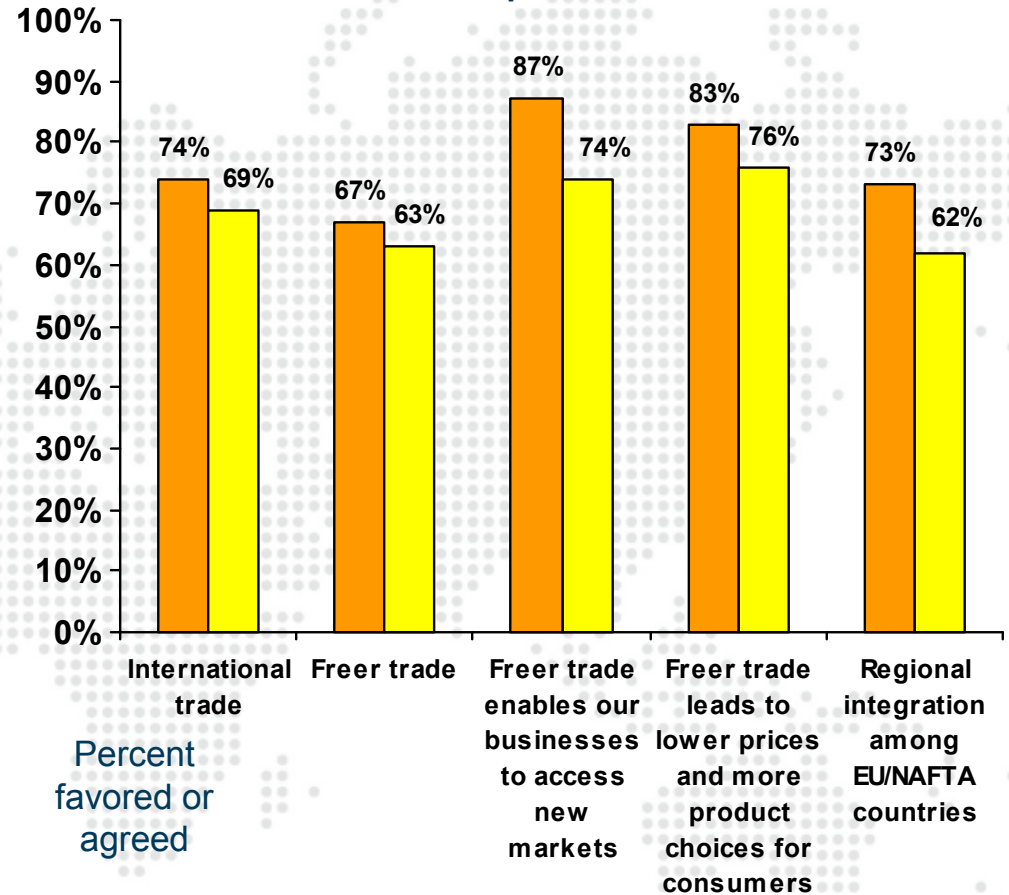
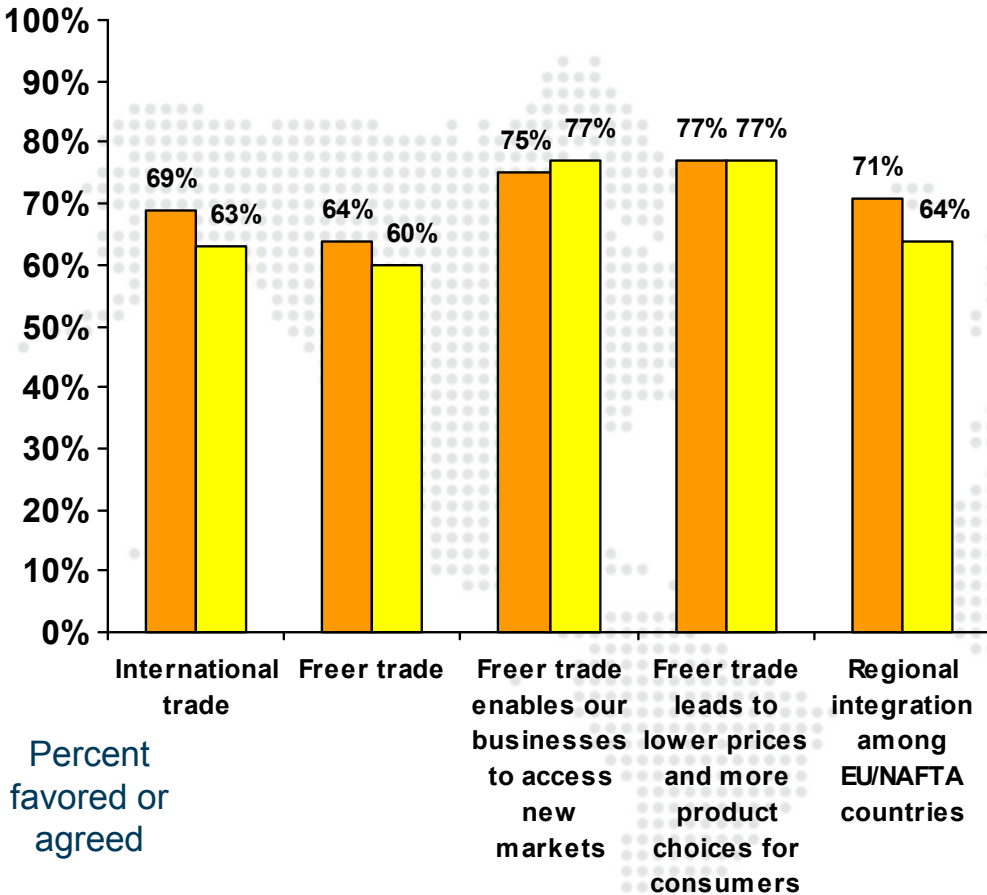


Support for freer trade wanes among both Democrats and Republicans

2006-2007

Democrats

Republicans

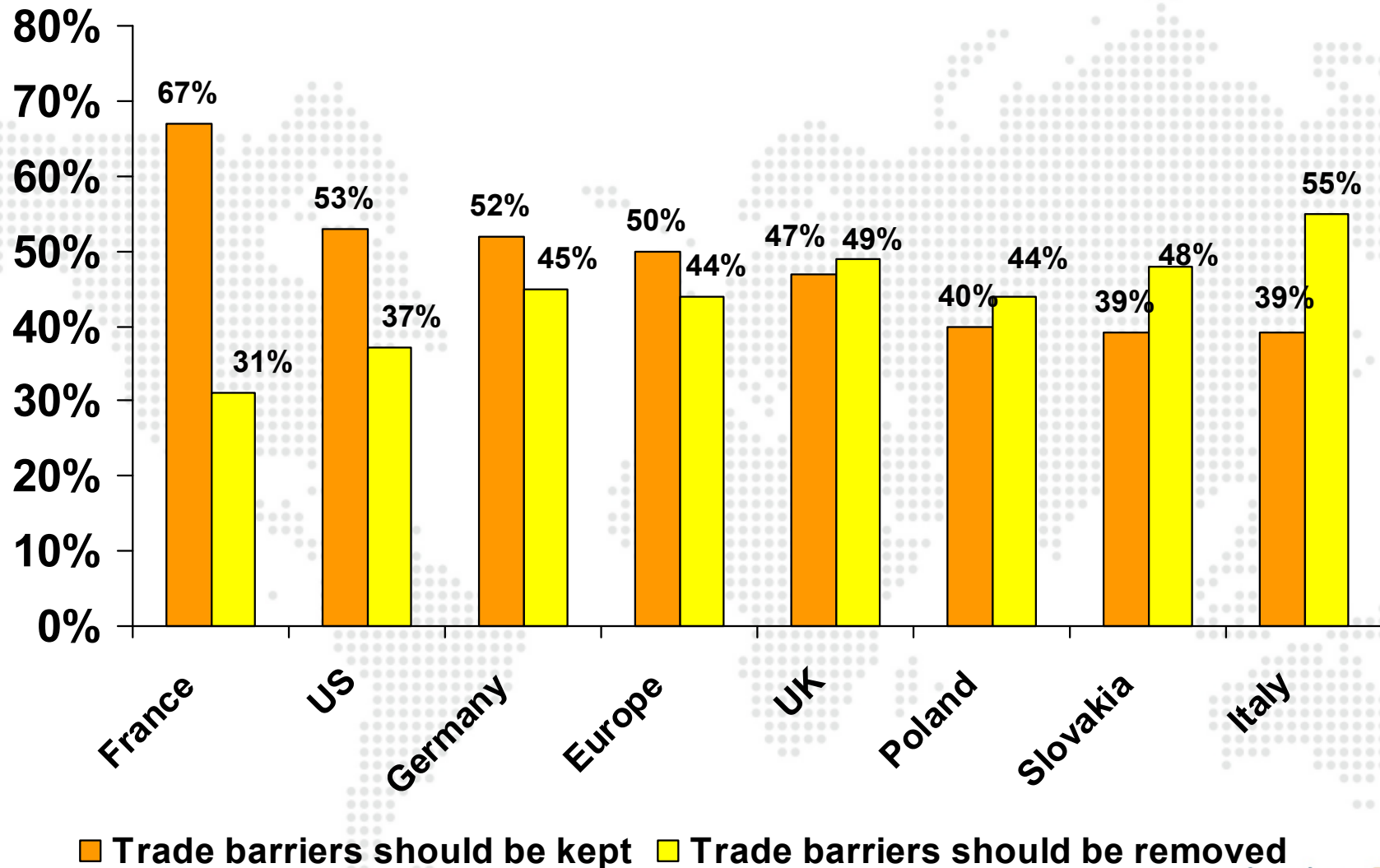


■ Democrats, 2006 ■ Democrats, 2007

■ Republicans, 2006 ■ Republicans, 2007

Trade

Americans, French and Germans wish to protect businesses

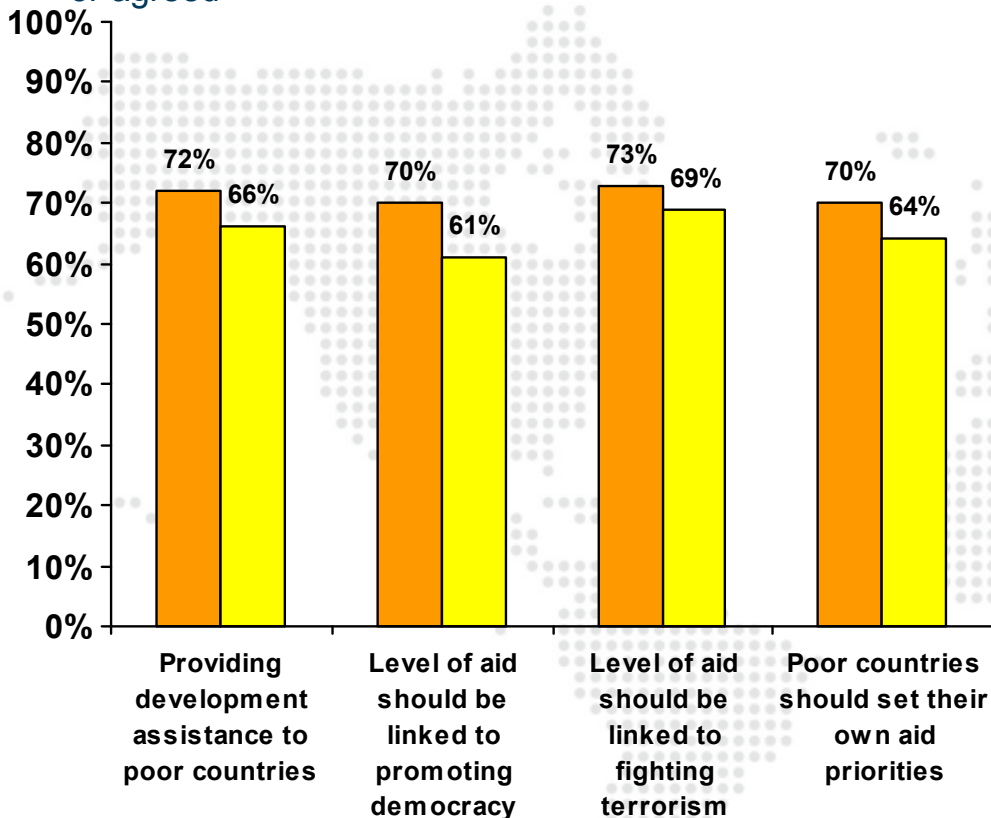


U.S. confidence in aid and trade softens

2006-2007

Percent favored or agreed

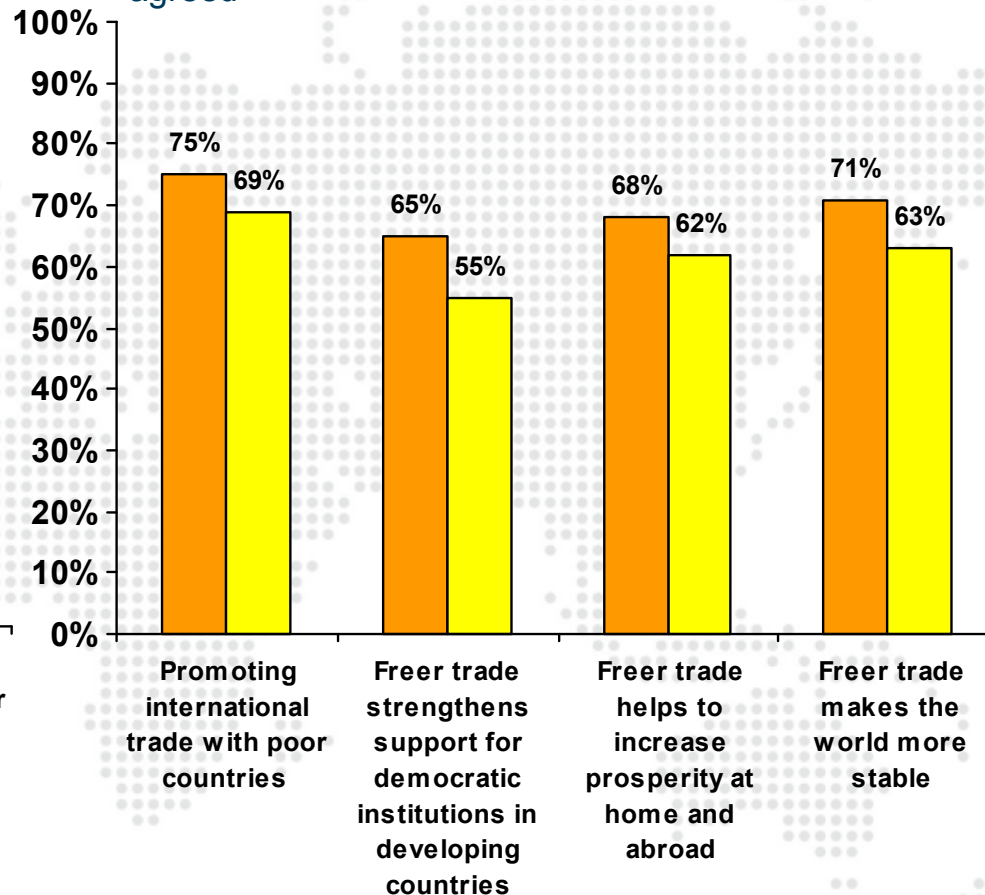
Aid



■ United States, 2006 ■ United States, 2007

Percent favored or agreed

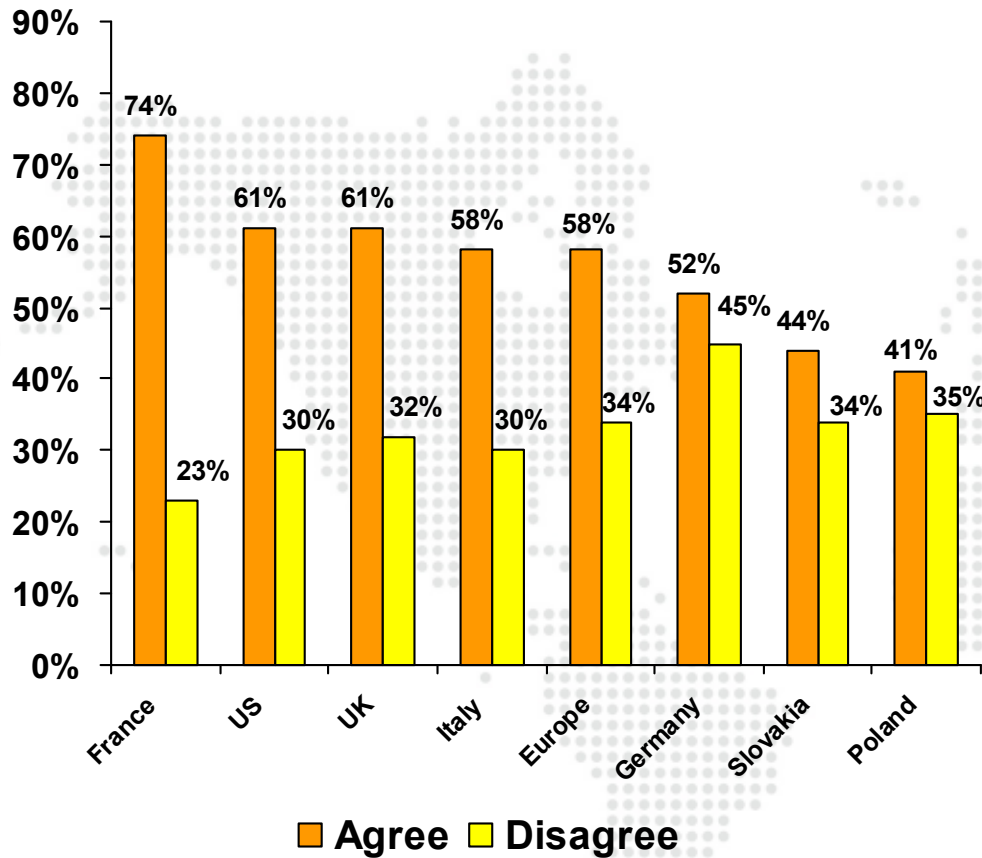
Trade



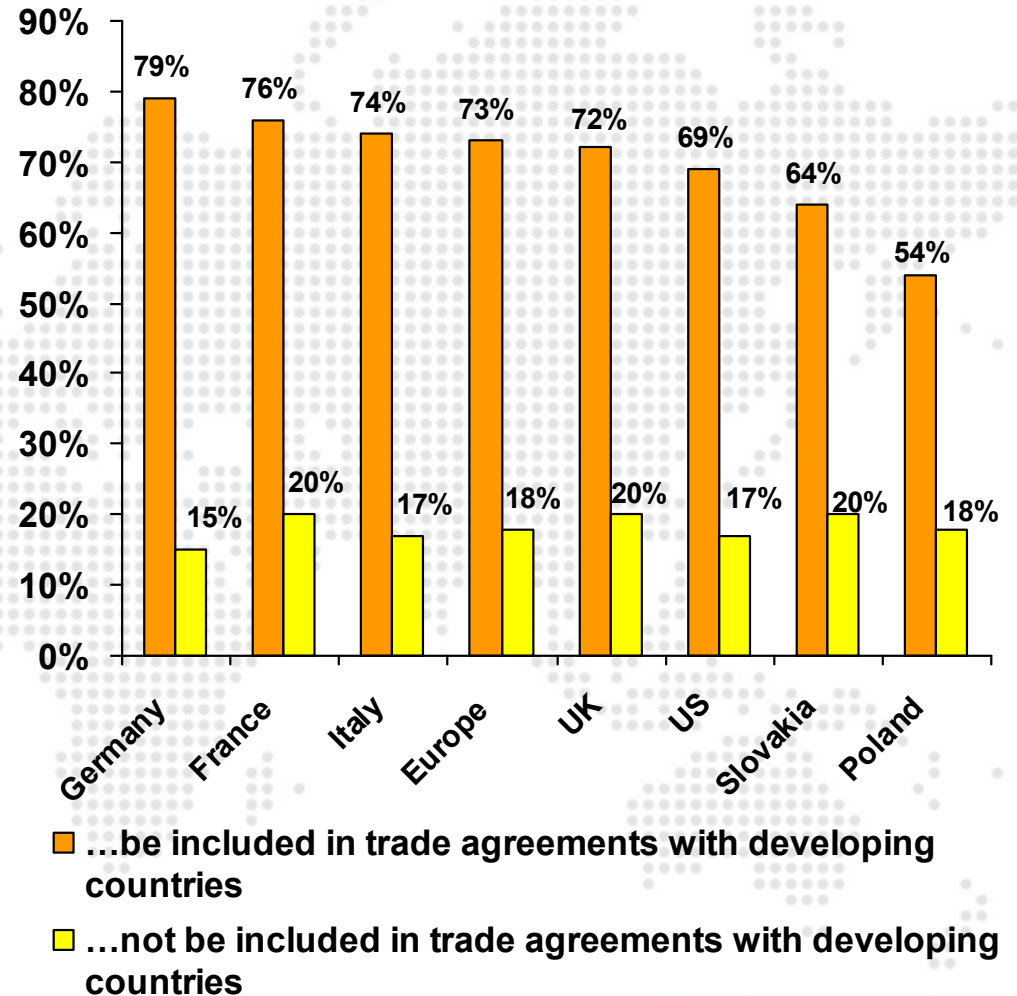
■ United States, 2006 ■ United States, 2007

Labor and environmental standards seen as trade disadvantage

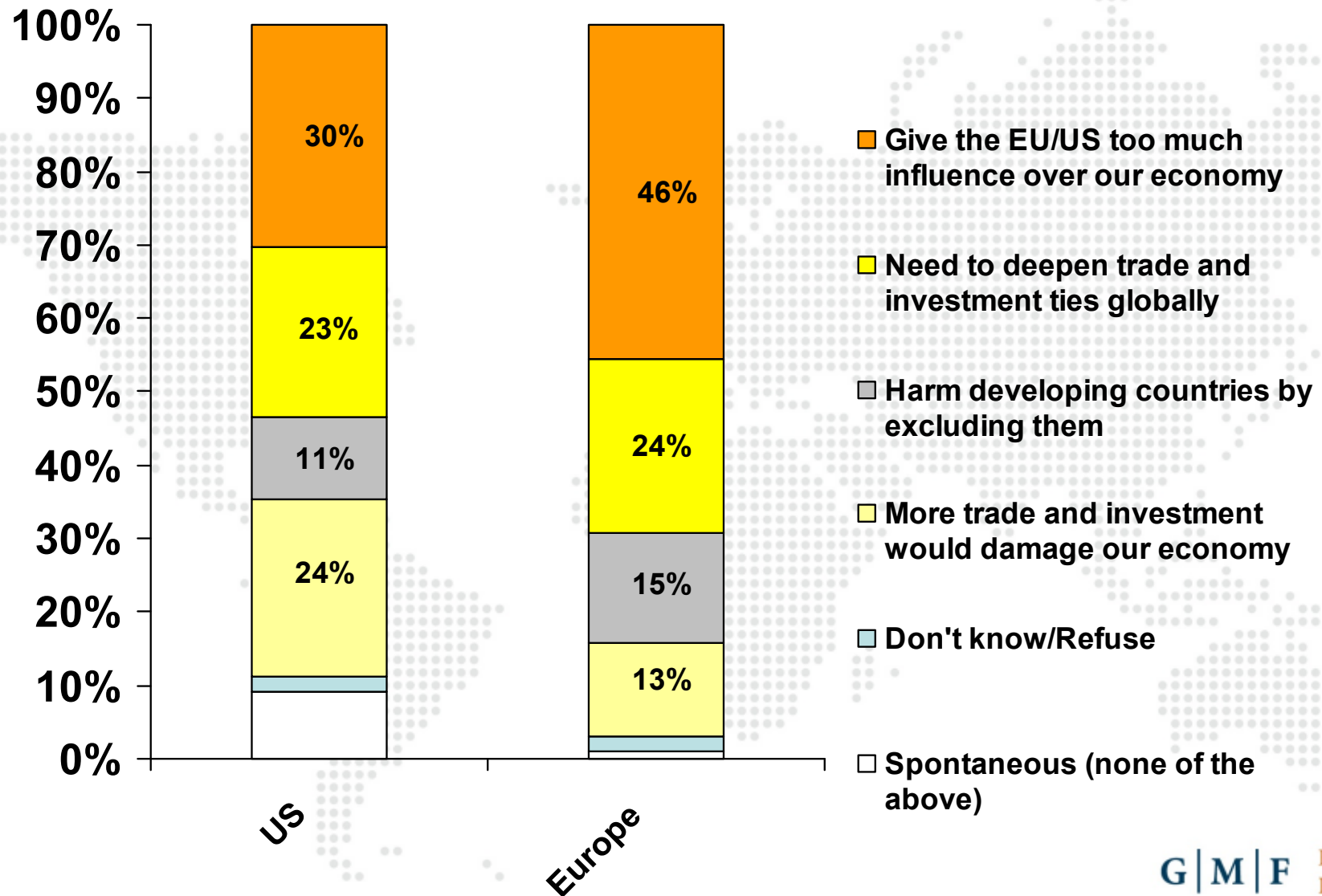
Freer trade puts us at a disadvantage because of our high labor and environmental standards?



Labor and environmental standards should...

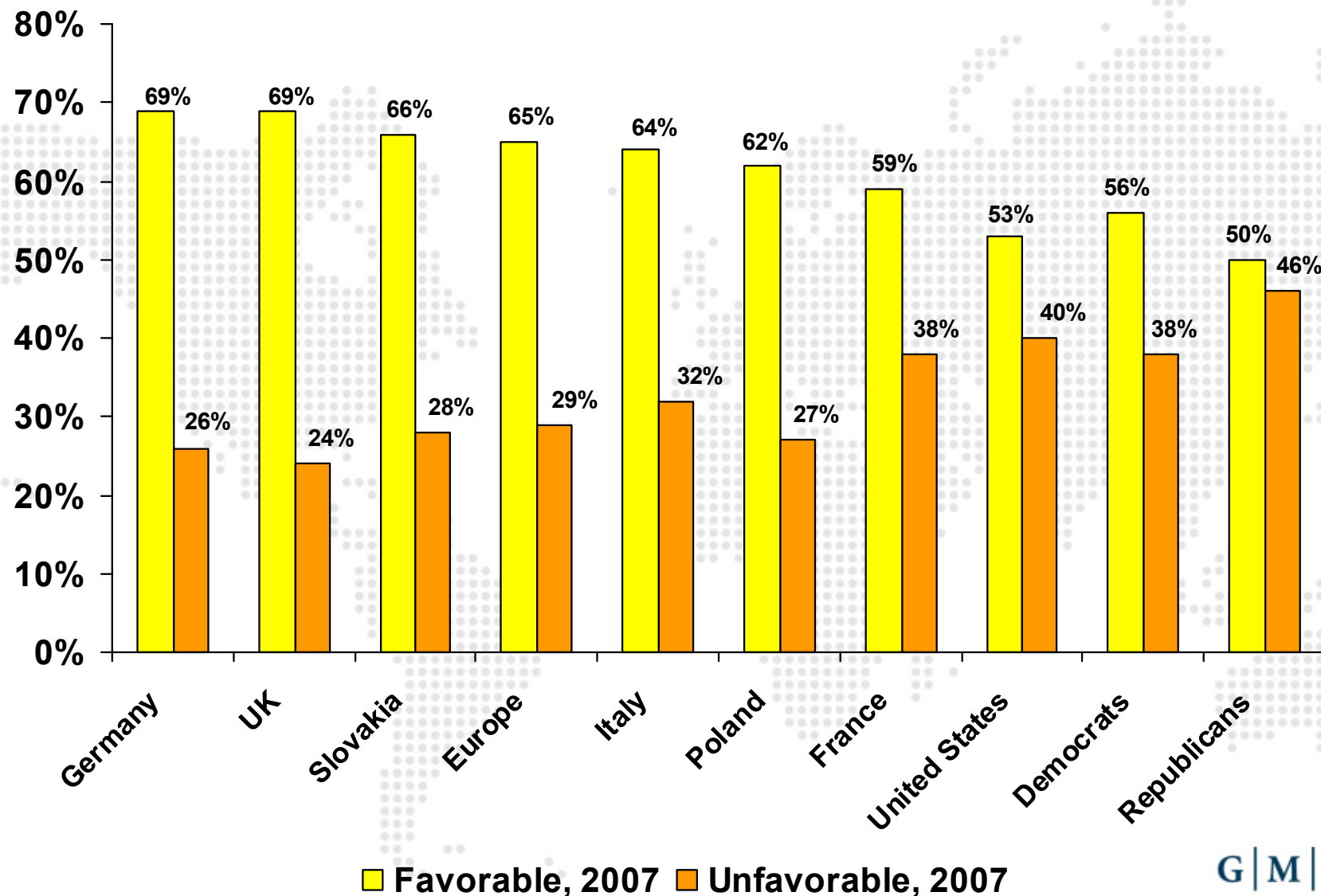


Perceived risk to sovereignty drives opposition to transatlantic initiative *

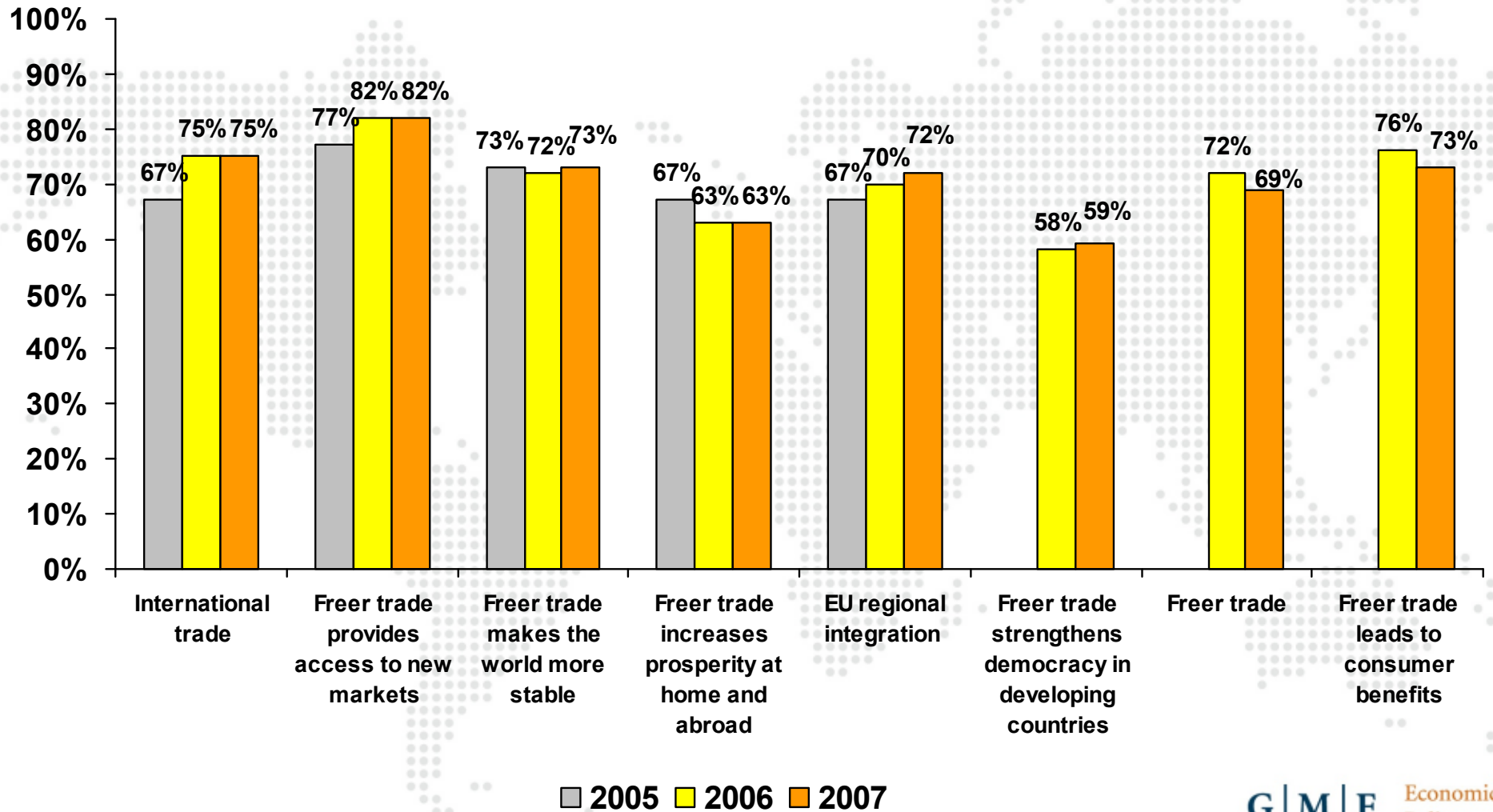


* Based on sample of 23% who oppose the transatlantic initiative

Europeans more positive on inward FDI than Americans

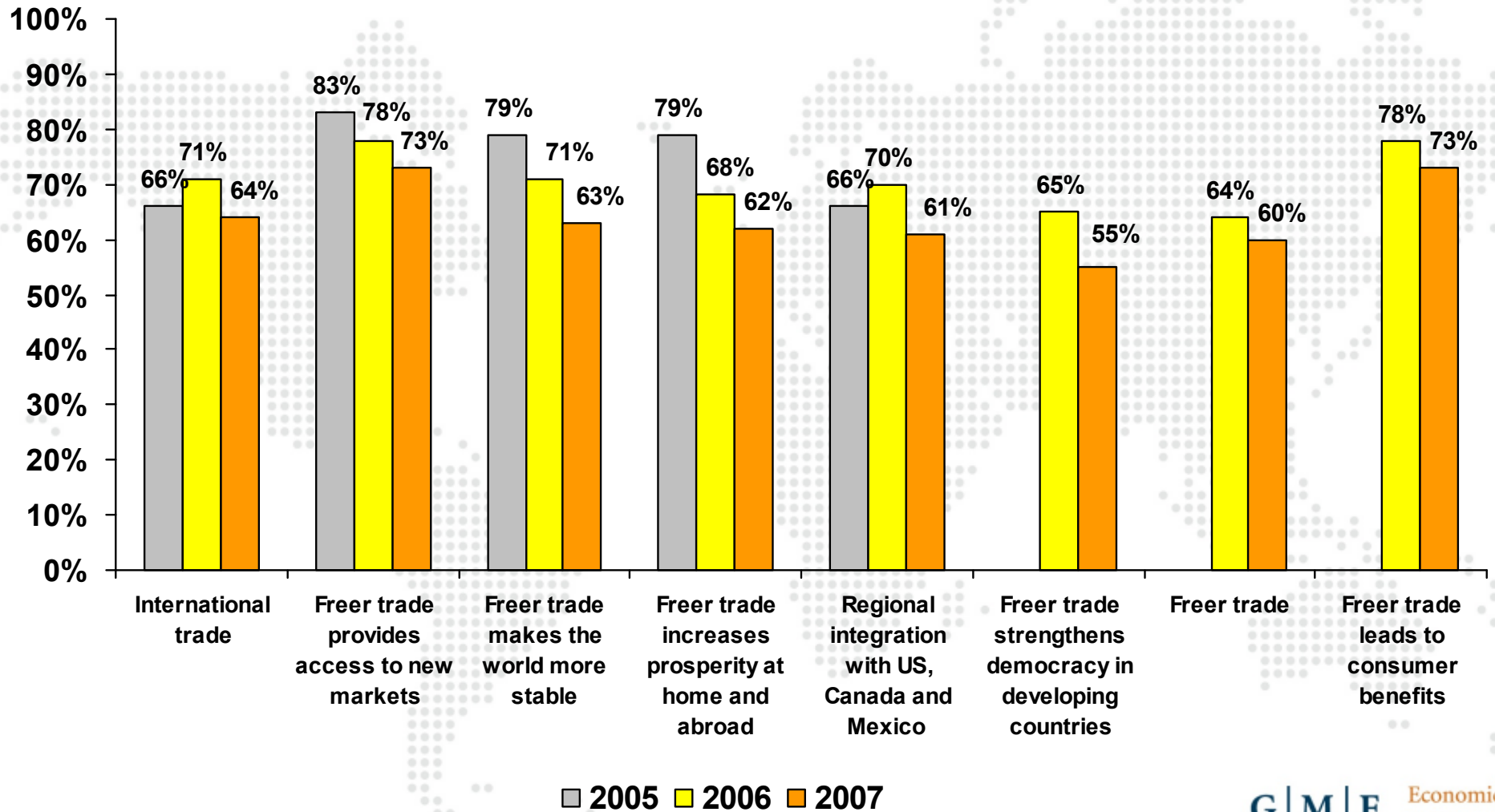


European support for trade benefits remains steady



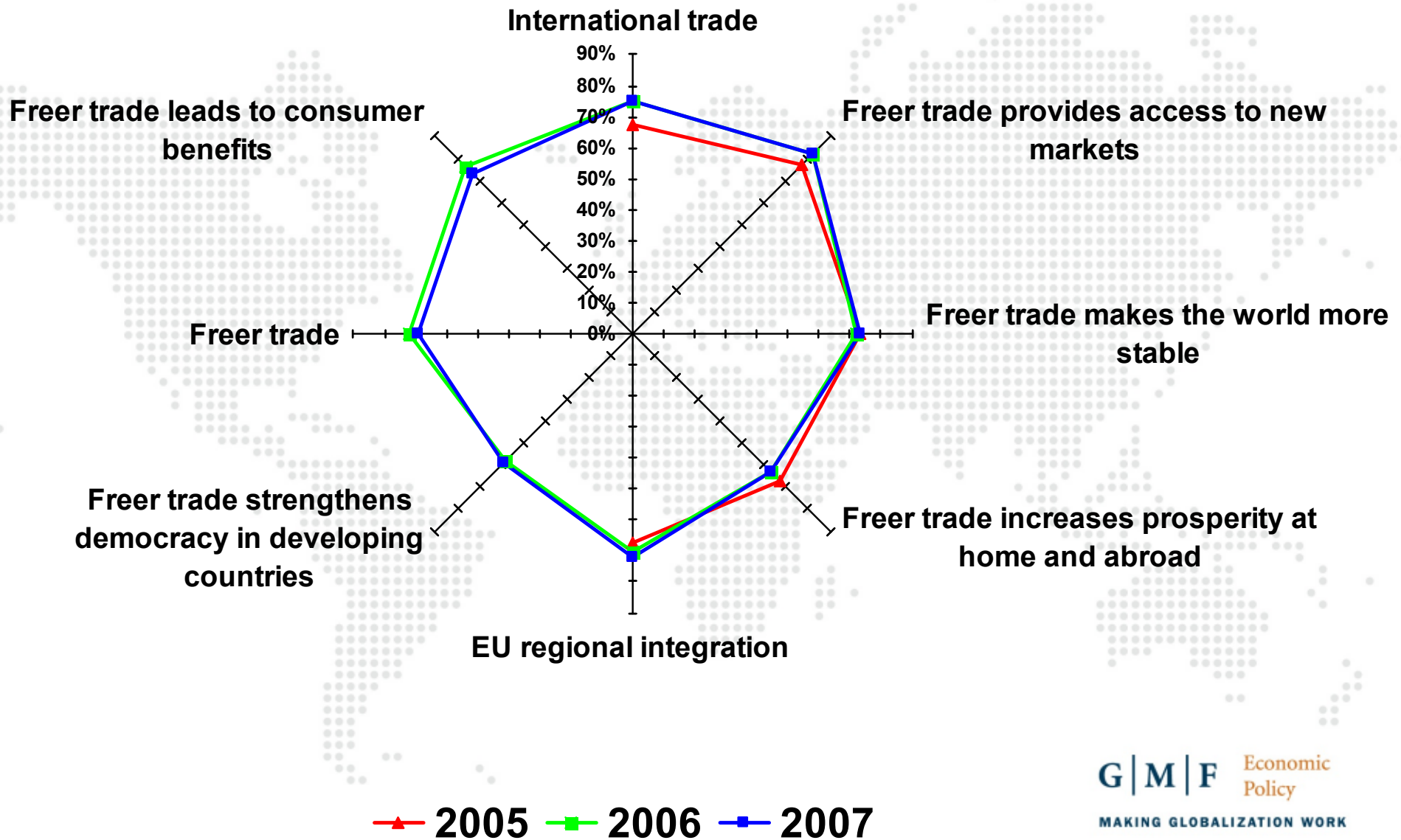
■ 2005 ■ 2006 ■ 2007

Americans show declining support for trade benefits

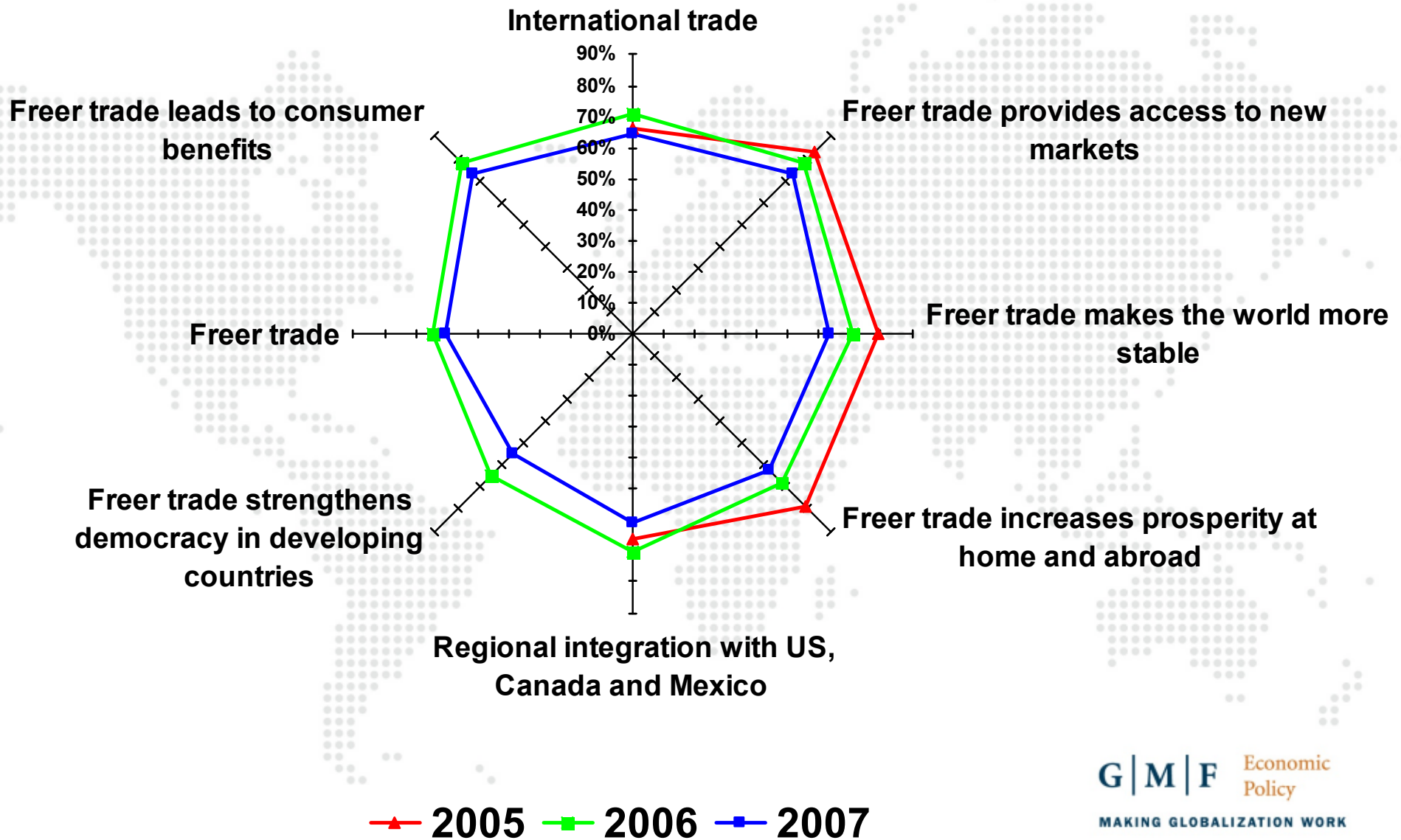


■ 2005 ■ 2006 ■ 2007

European support for trade benefits remains steady



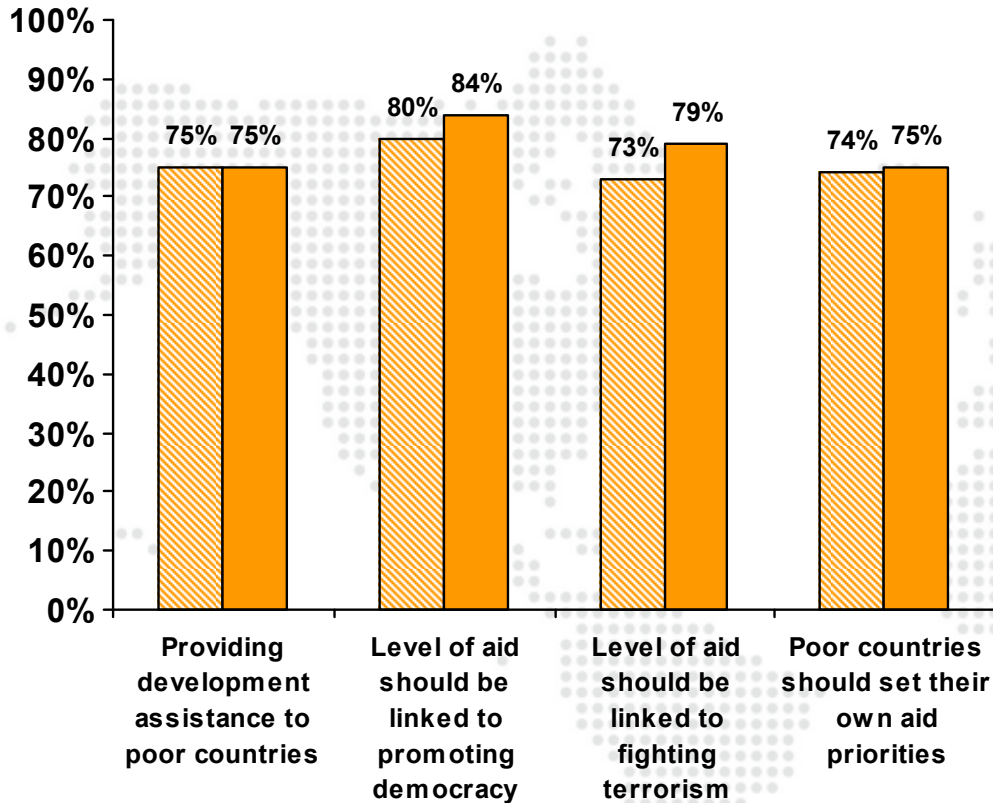
Americans show declining support for trade benefits



Europeans maintain support for aid and trade for poor countries

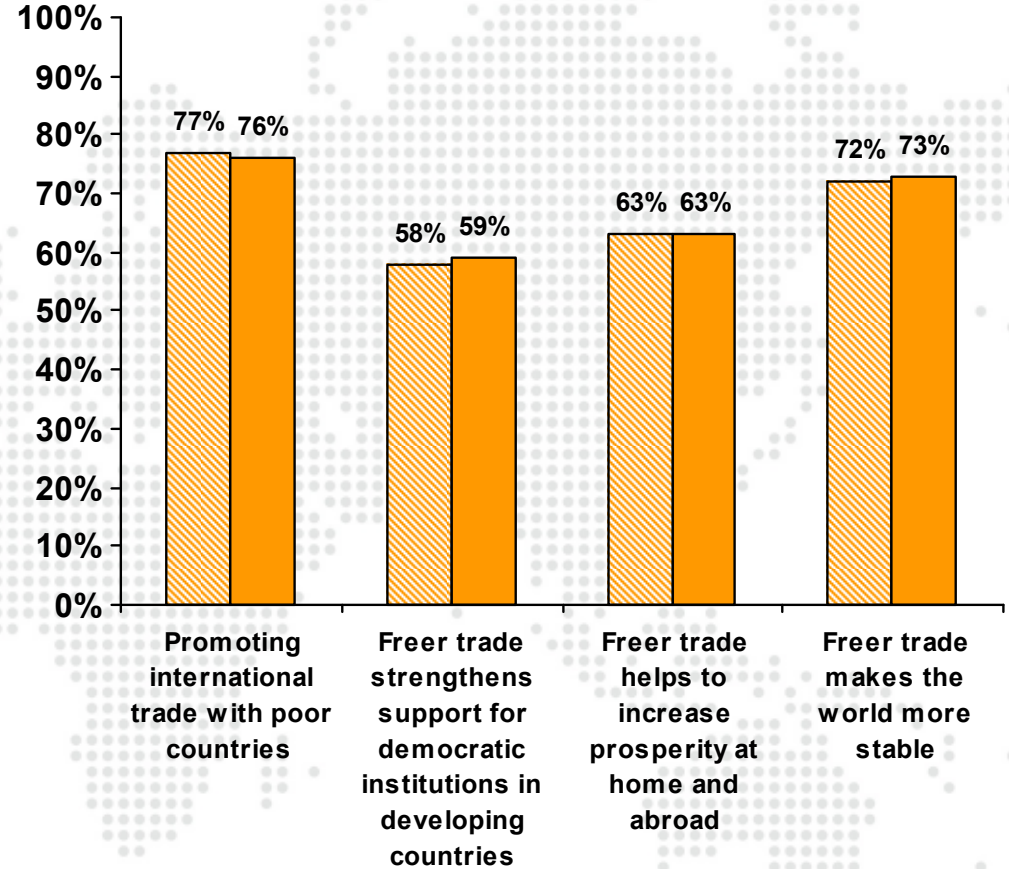
2006-2007

Aid



■ Europe, 2006 ■ Europe, 2007

Trade



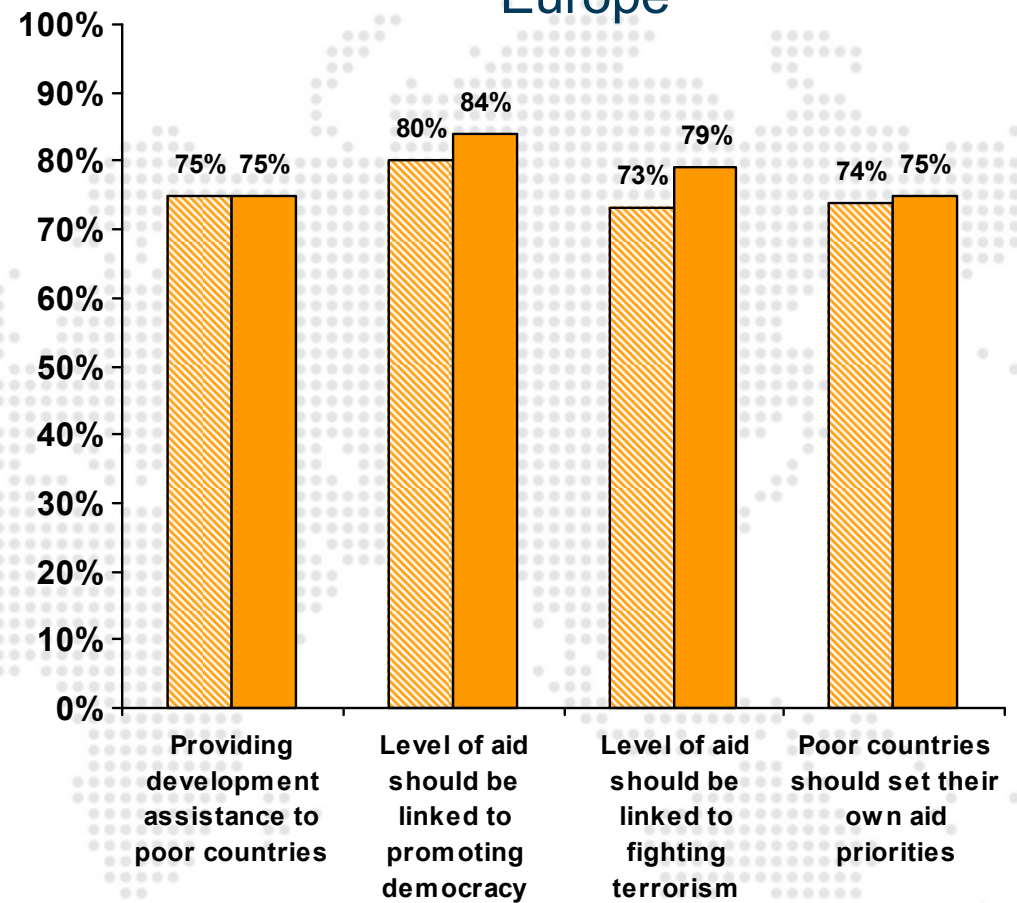
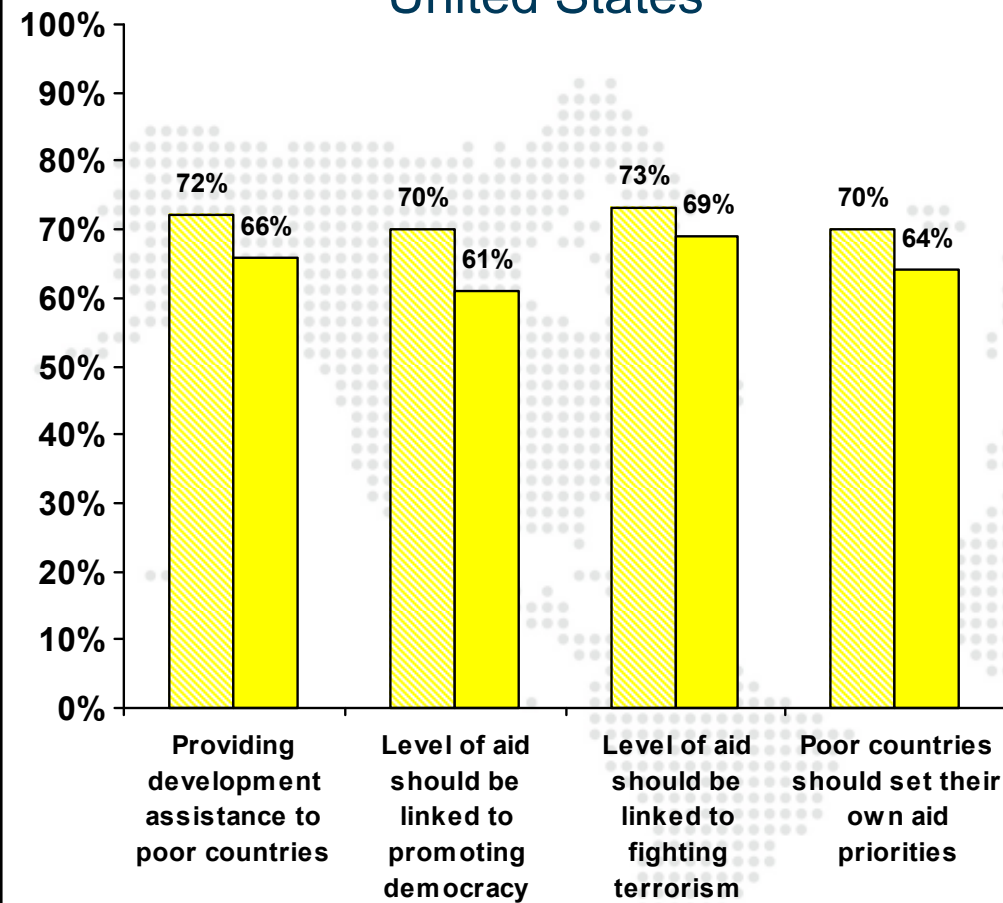
■ Europe, 2006 ■ Europe, 2007

Support for aid policies strong, but decline in the United States

2006-2007

United States

Europe



■ United States, 2006
 ■ United States, 2007

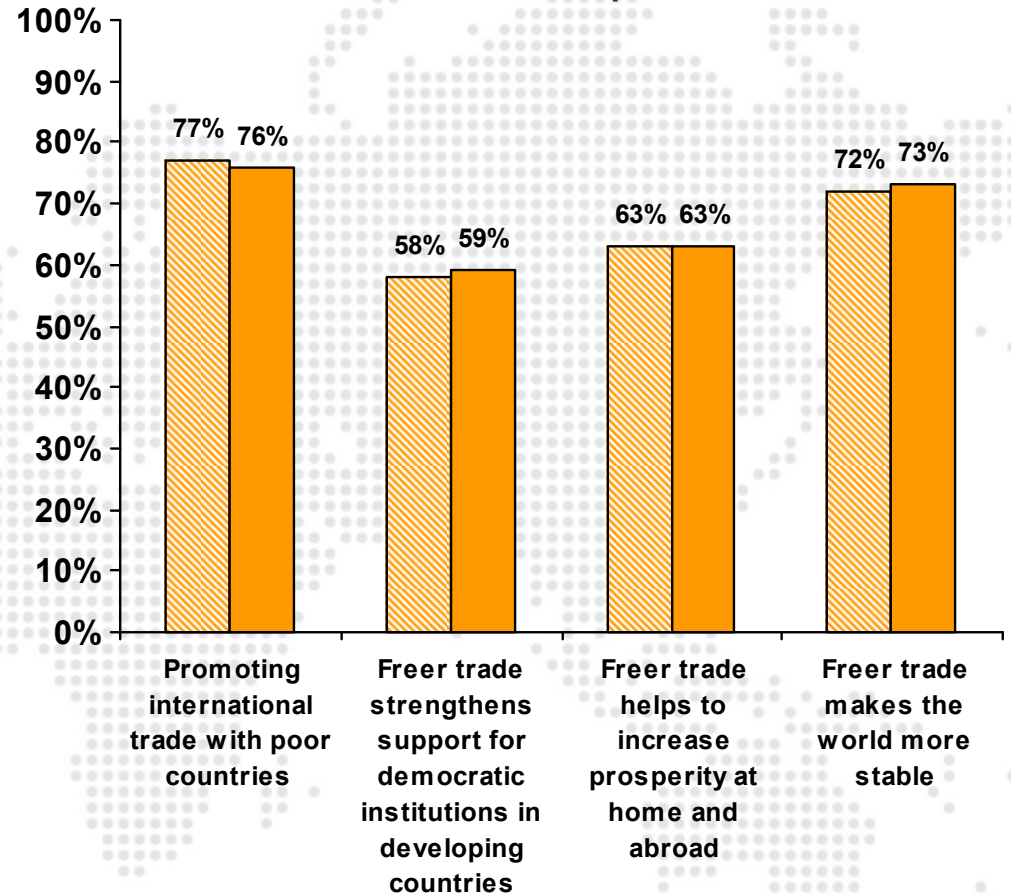
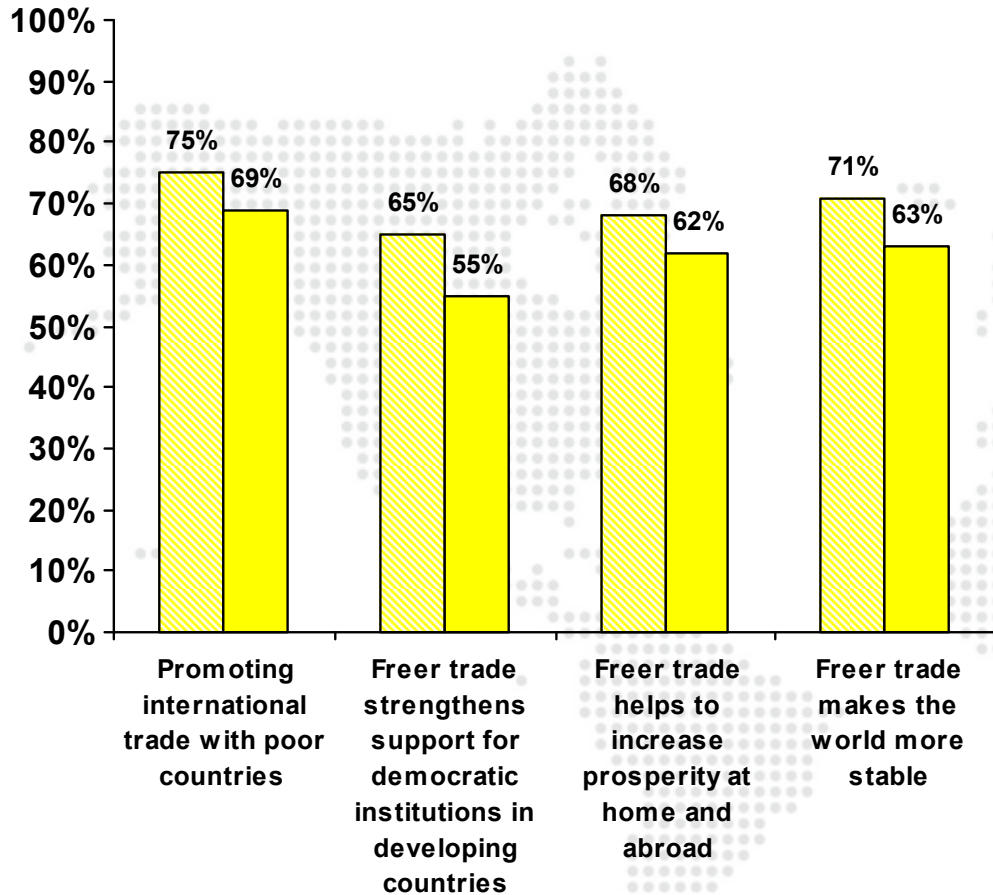
■ Europe, 2006
 ■ Europe, 2007

Support for trade development strong, but declines in the United States

2006-2007

United States

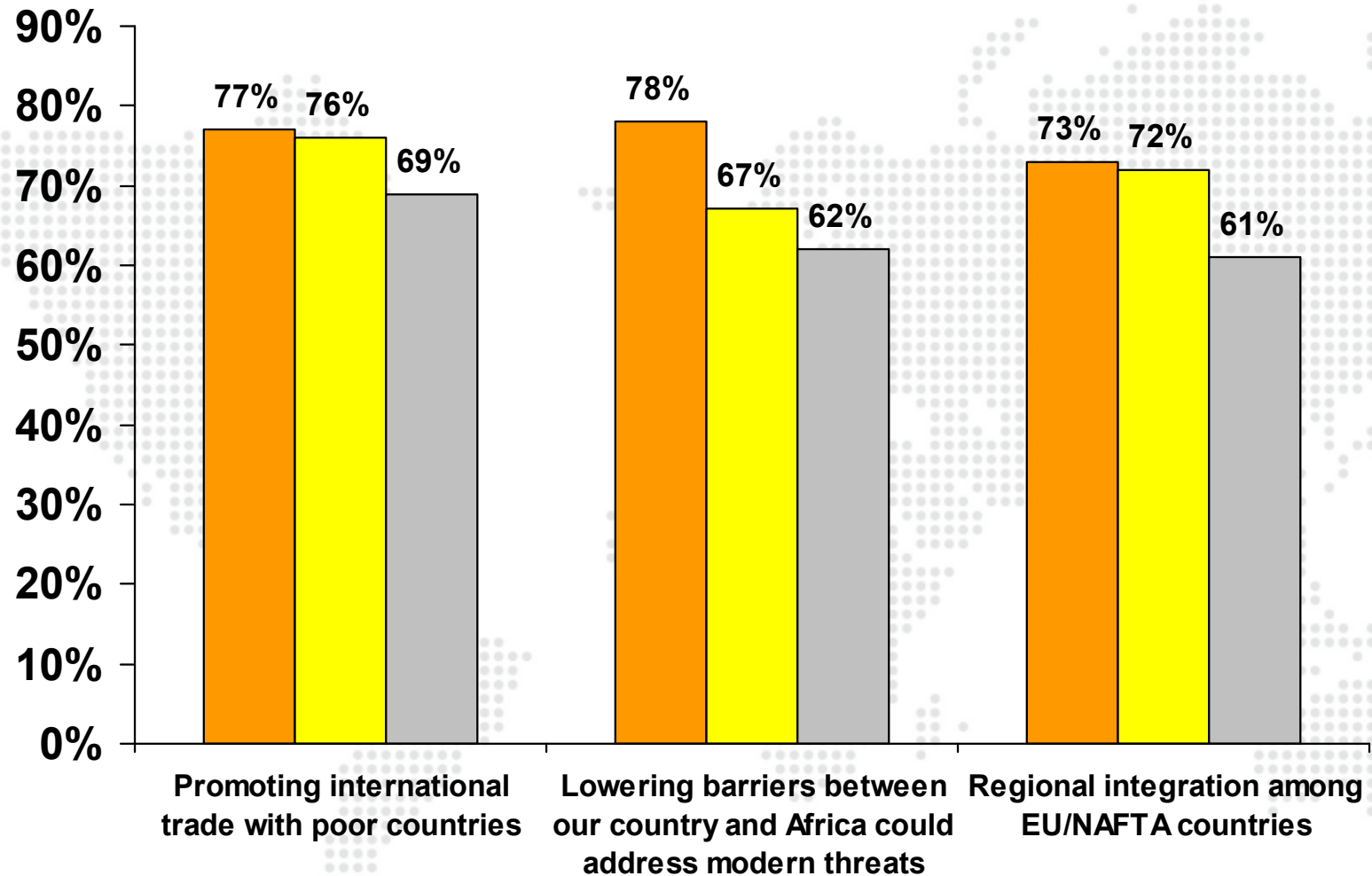
Europe



United States, 2006 United States, 2007

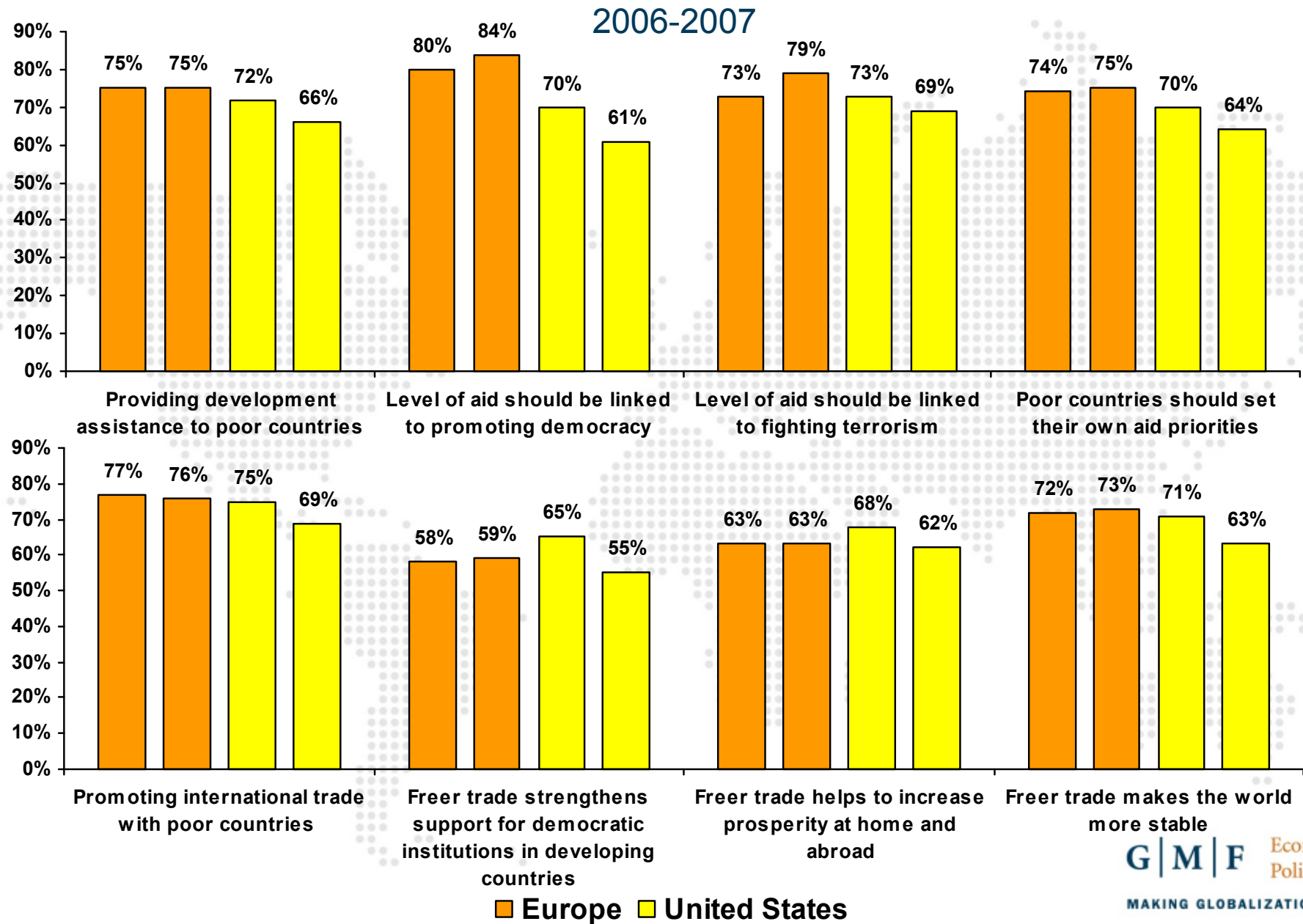
Europe, 2006 Europe, 2007

French keen on trading with poor countries and the EU



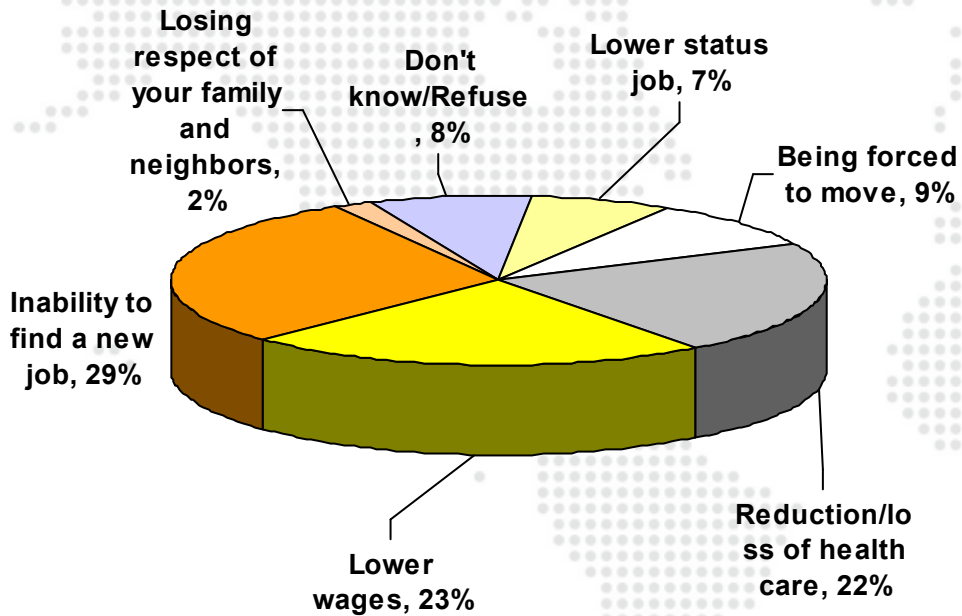
■ France ■ Europe ■ United States

Fewer Americans support aid and trade as tools for development and expect democracy, shared prosperity and global stability

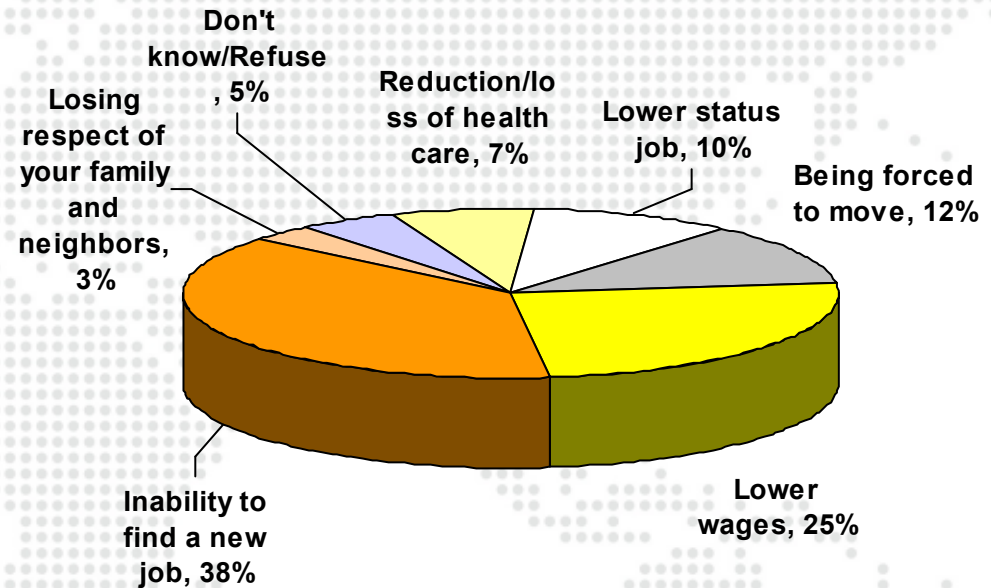


Healthcare is a major concern for Americans when losing a job, while Europeans more anxious about job search

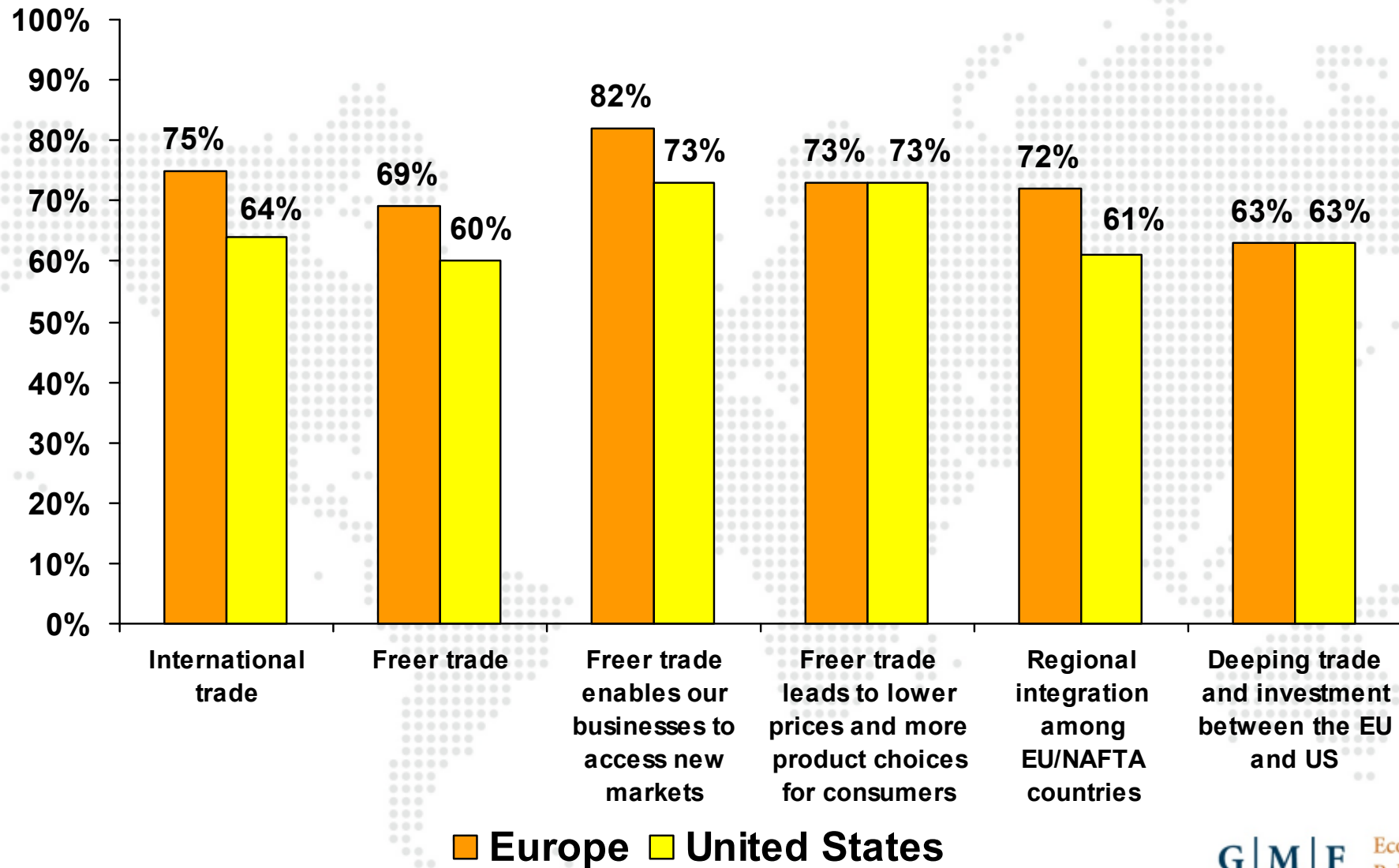
Americans



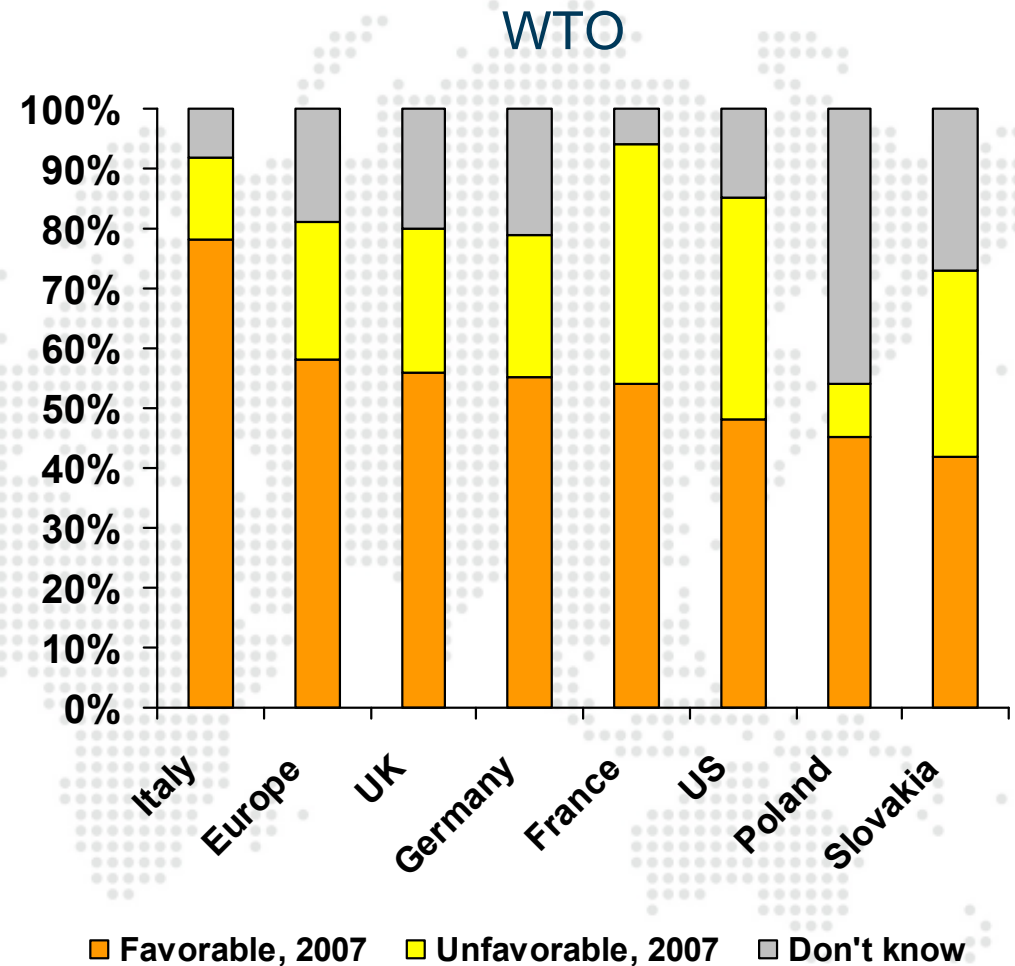
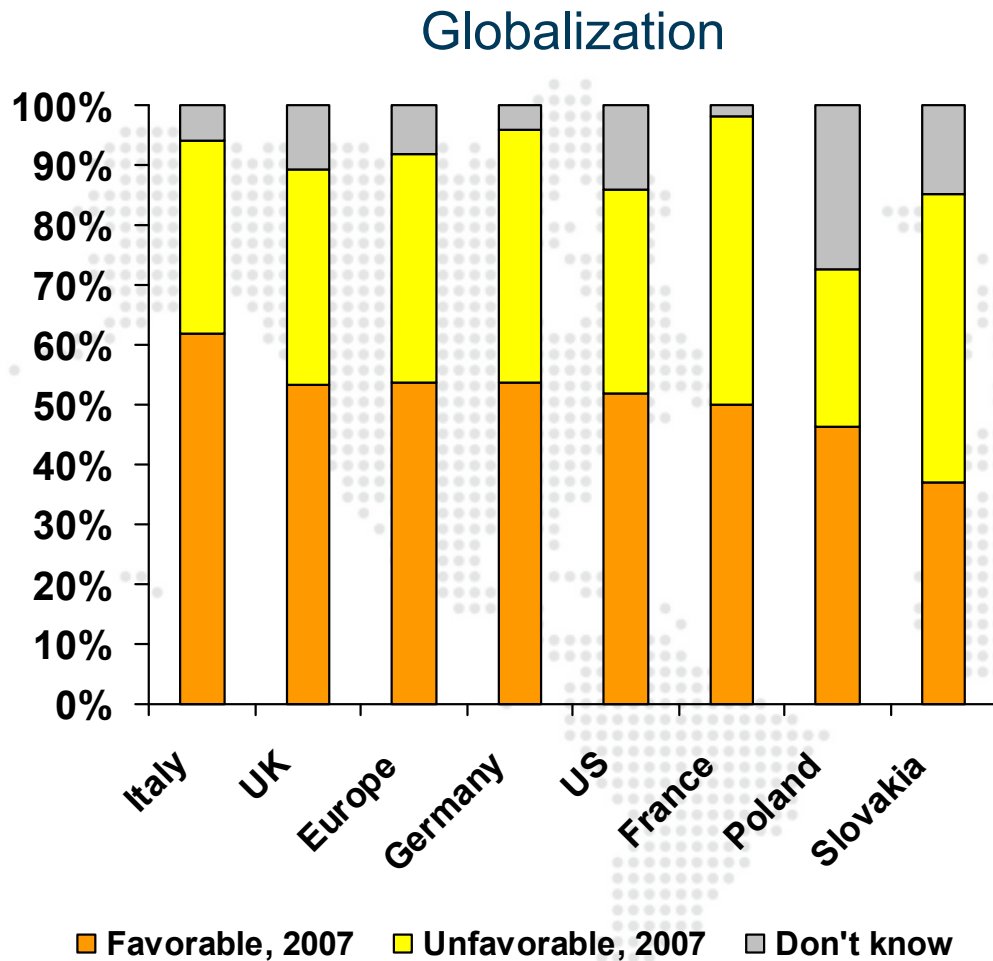
Europeans



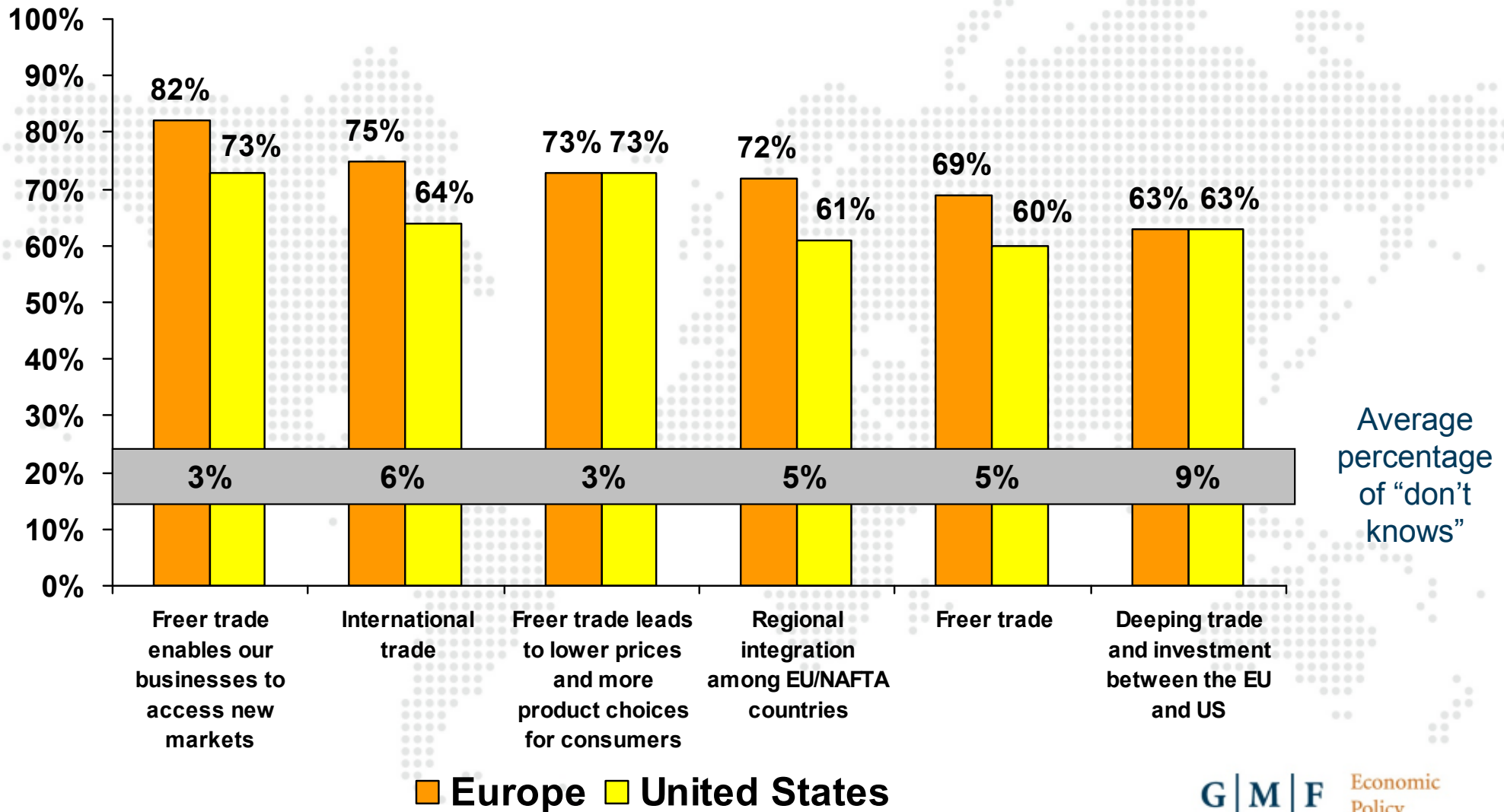
Most Americans and Europeans recognize the classic free trade argument



Despite modest support for globalization and the World Trade Organization, many opposed them or had no opinion

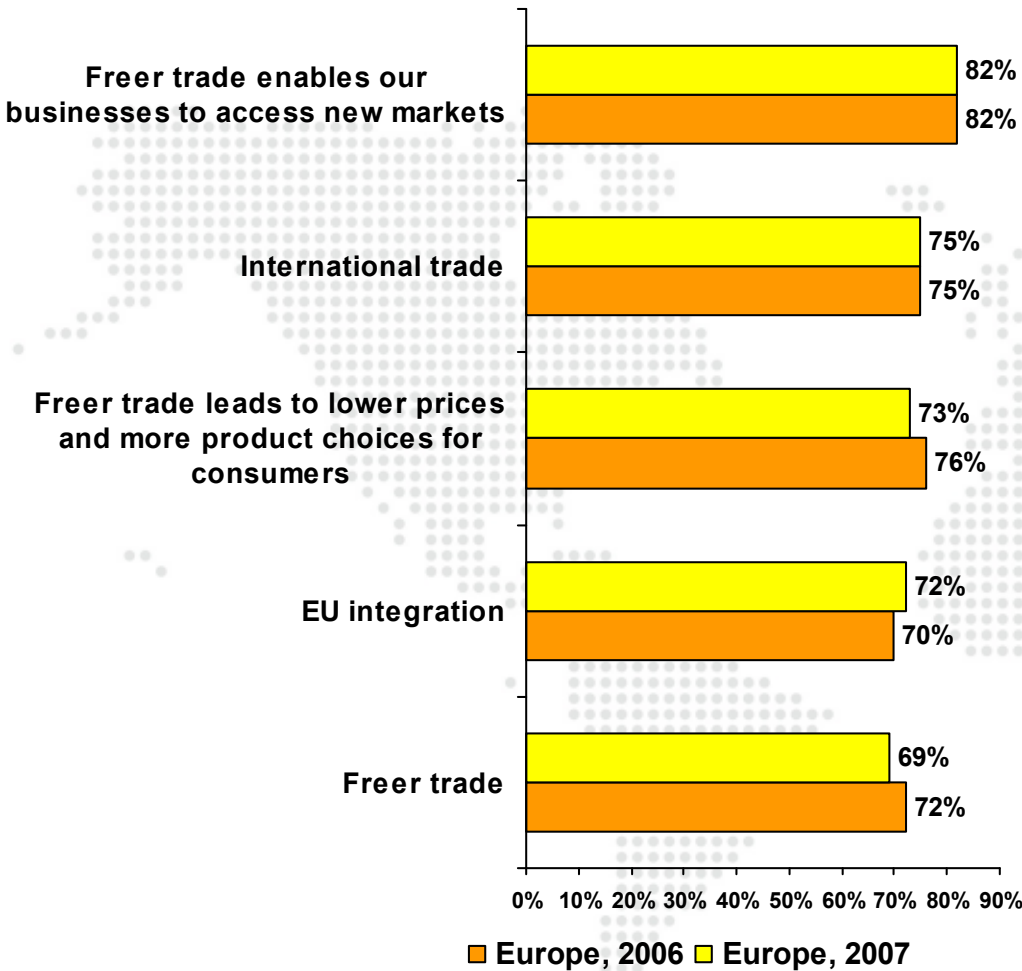


Most Americans and Europeans favor pro-globalization policies and recognize their benefits

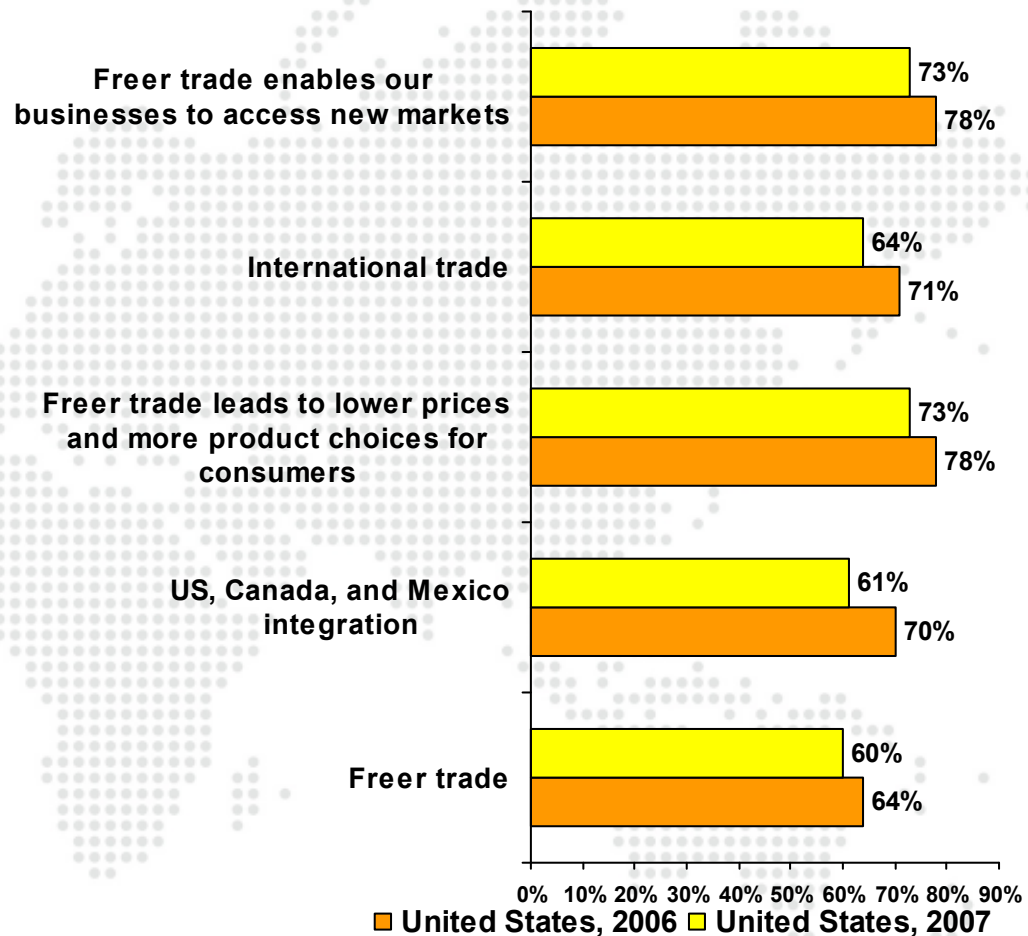


Americans support for trade has waned compared to Europeans 2006-2007

Europeans



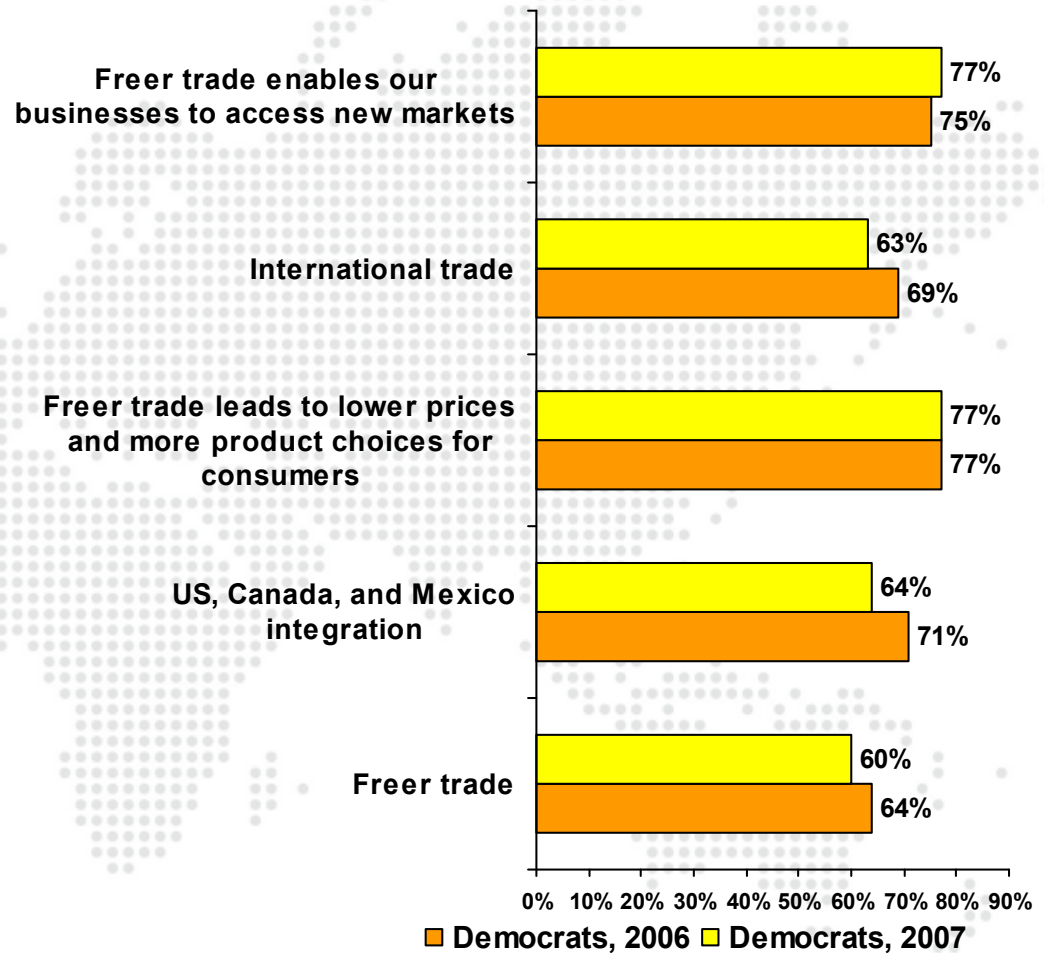
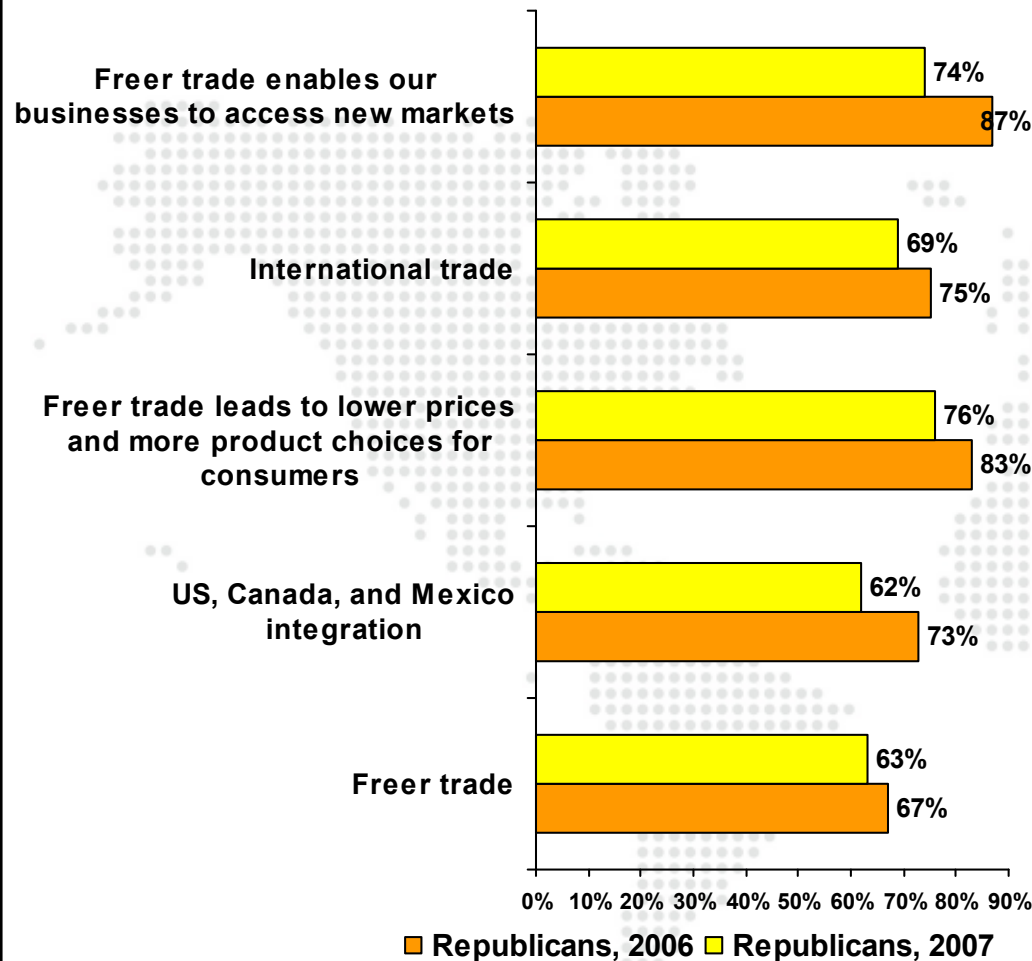
Americans



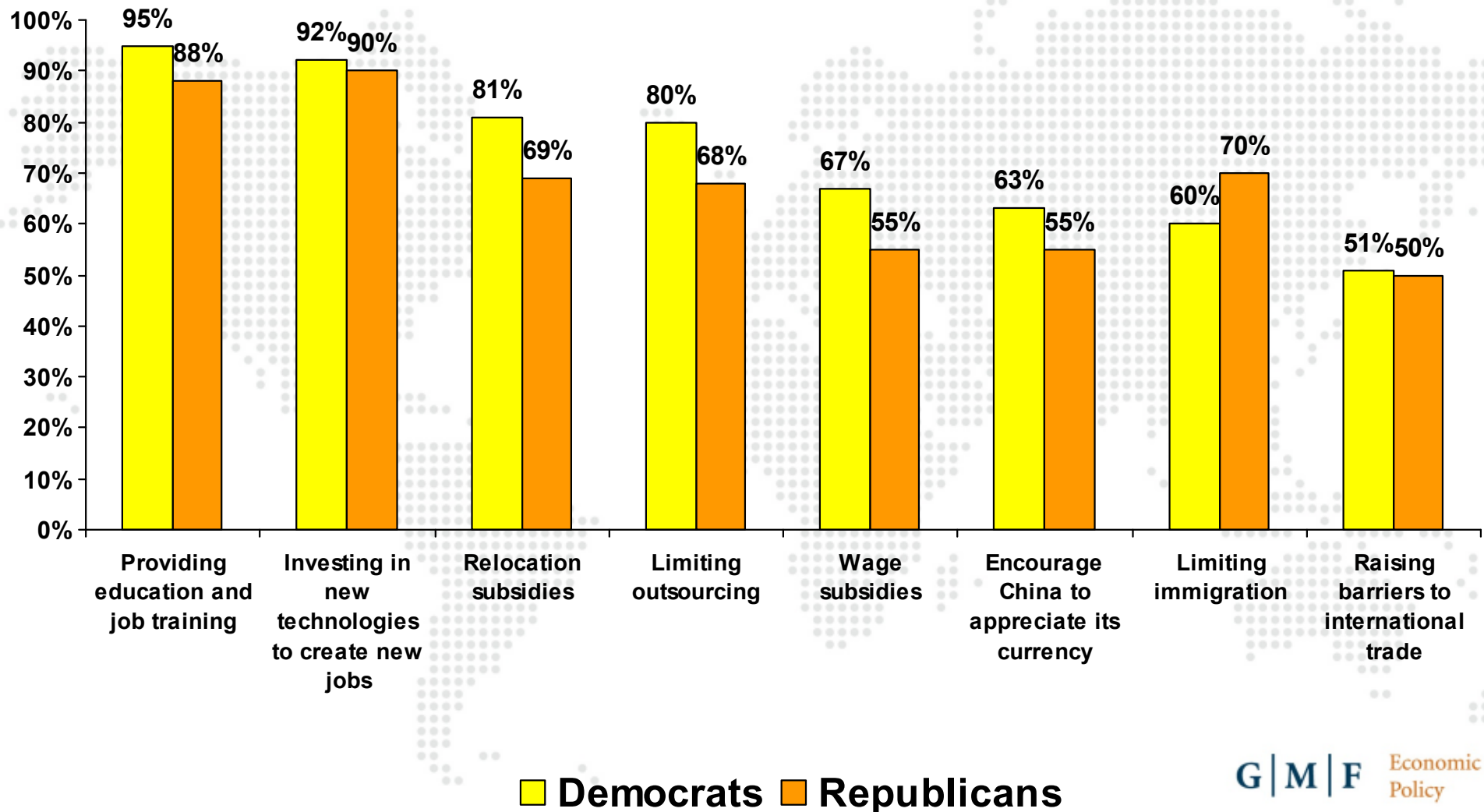
Both Republicans and Democrats reveal some doubts, yet majorities still favor trade and its benefits 2006-2007

Republicans

Democrats

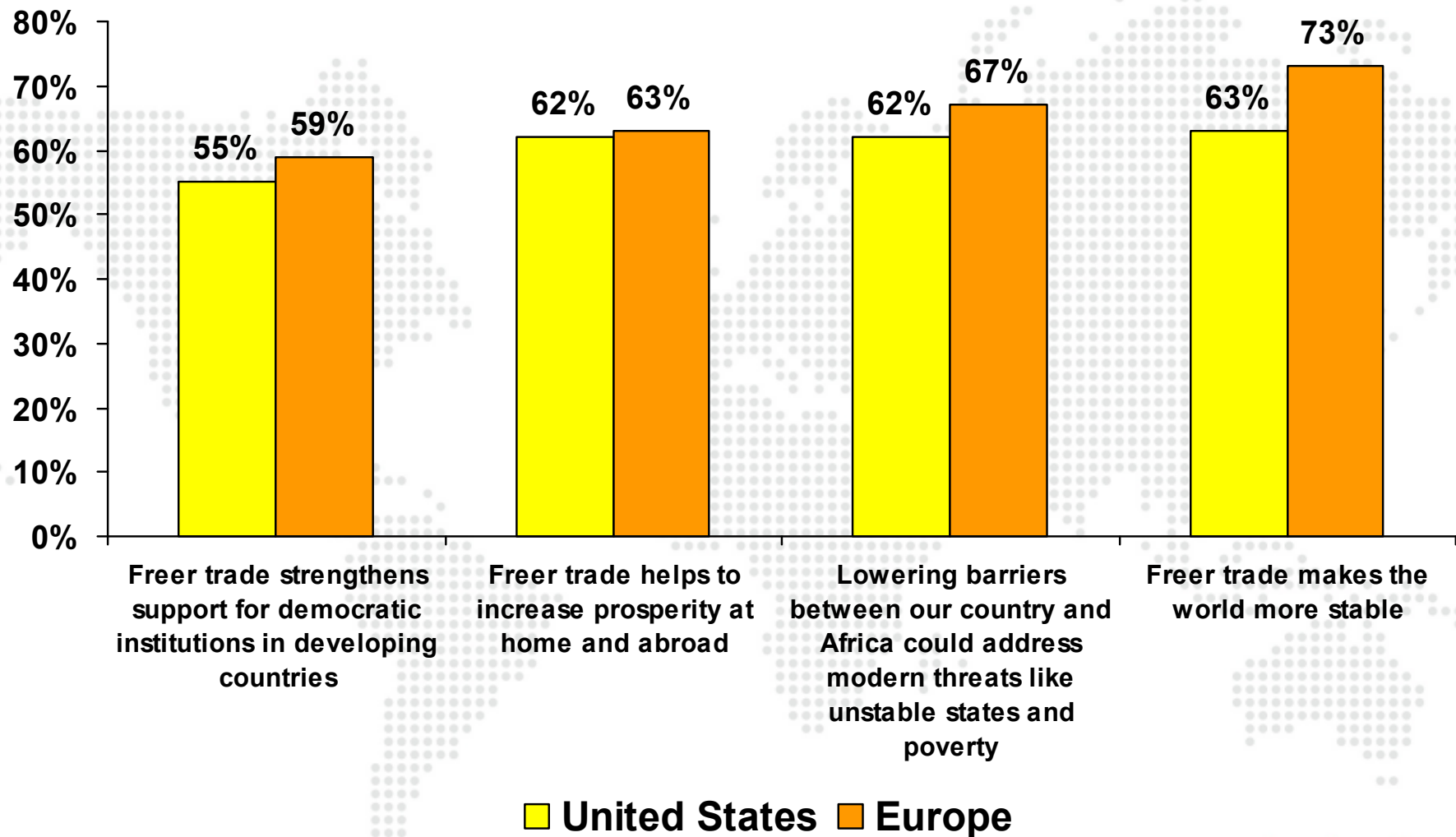


Republicans and Democrats broadly support investing in technology and education, but reveal differences among other options

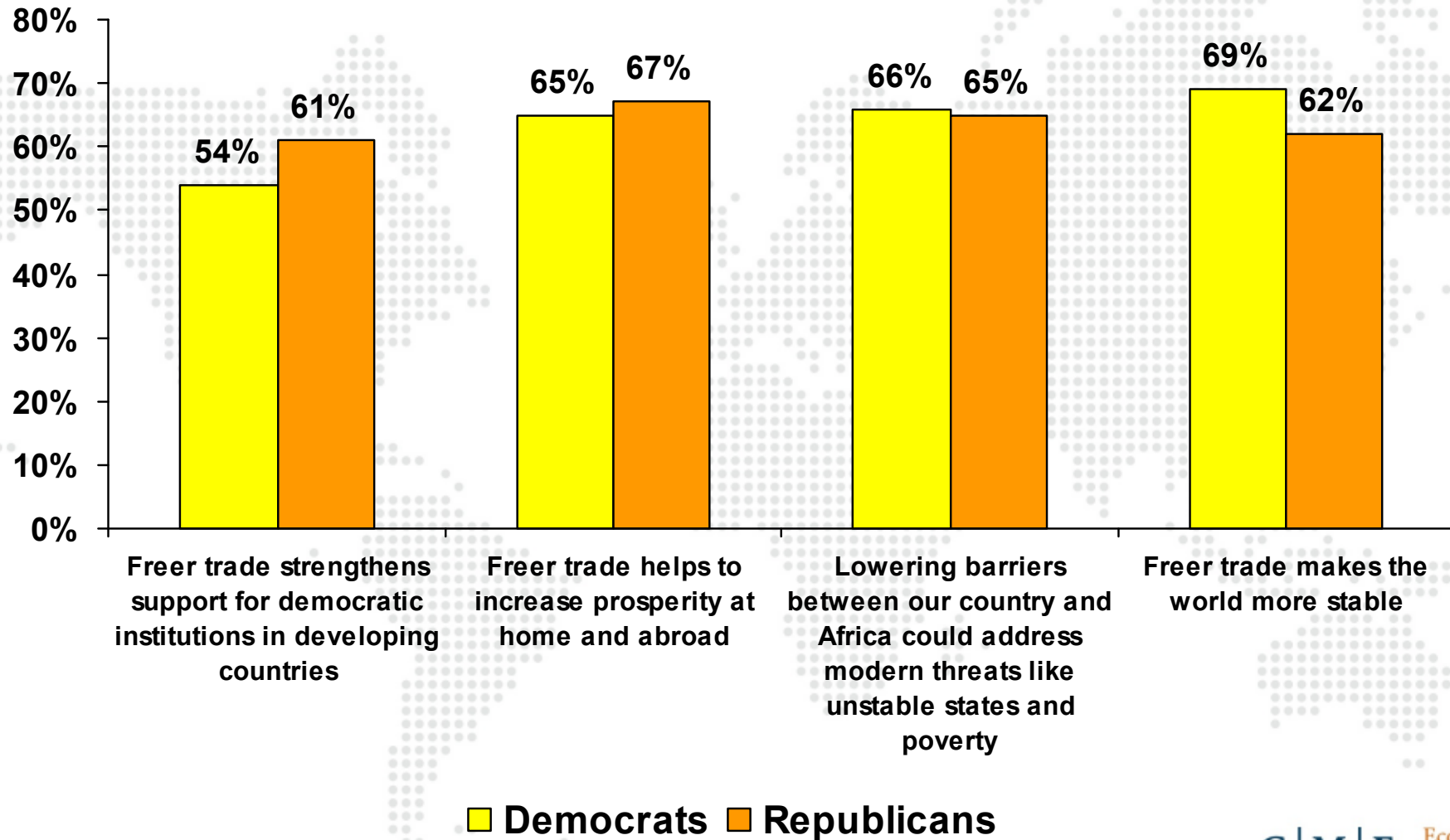


* Each item is an individual question on whether this policy response was helpful or not helpful to trade-displaced workers

Majorities of Americans and Europeans believe that trade liberalization has foreign policy benefits

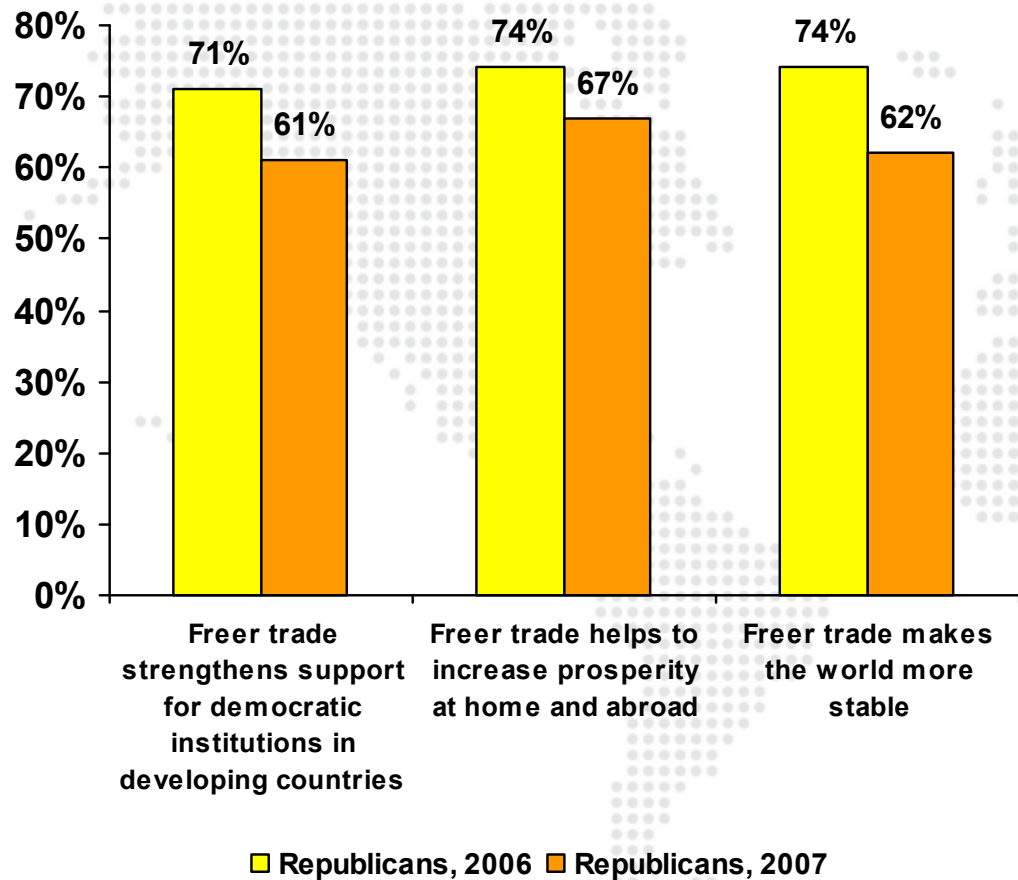


Most Republicans and Democrats believe that trade liberalization has foreign policy benefits

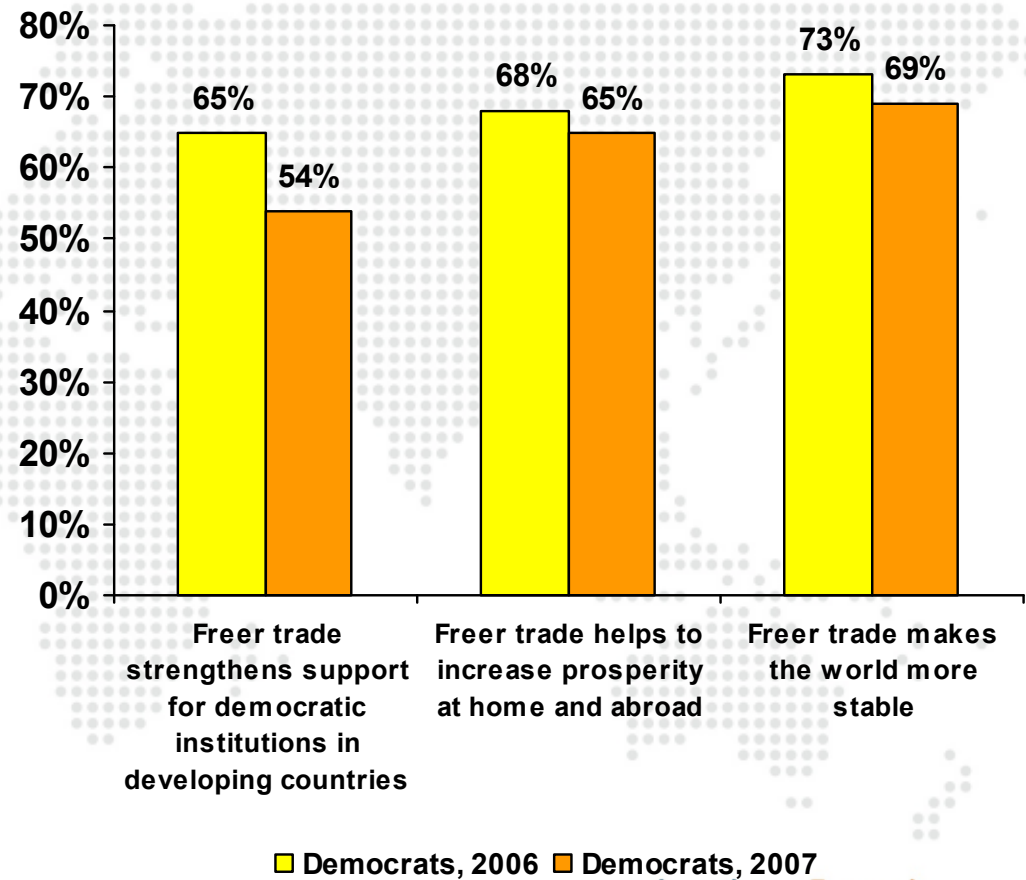


Both Republicans and Democrats are less certain about foreign policy gains from freer trade

Republicans

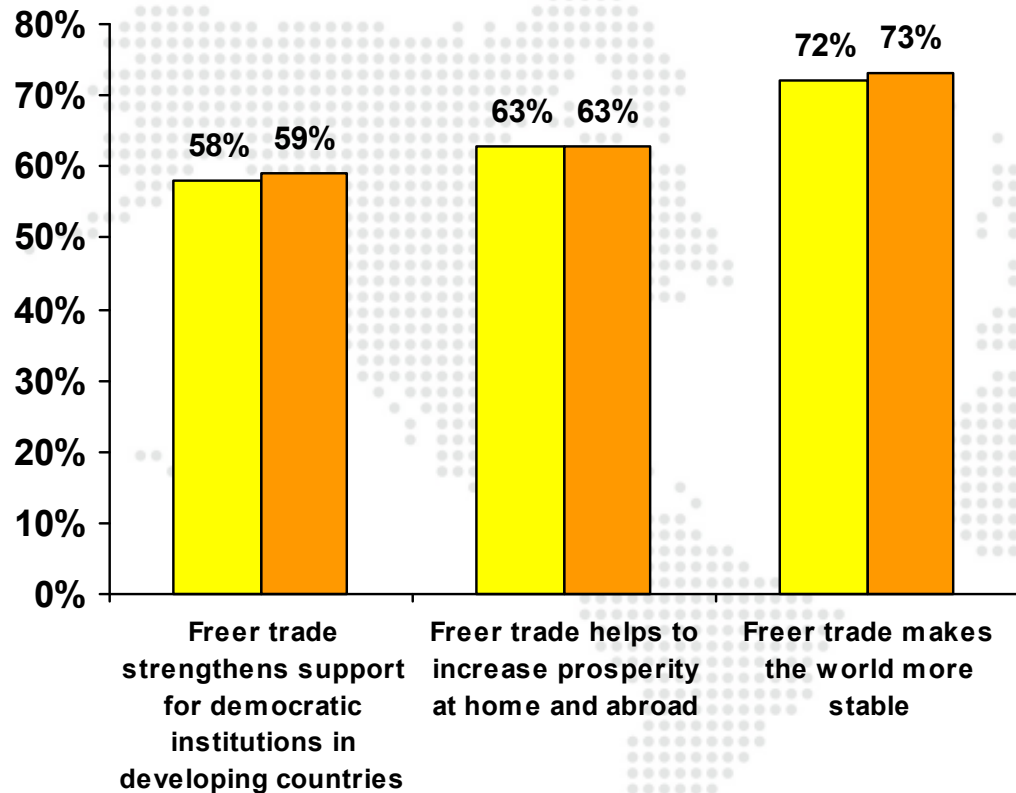


Democrats



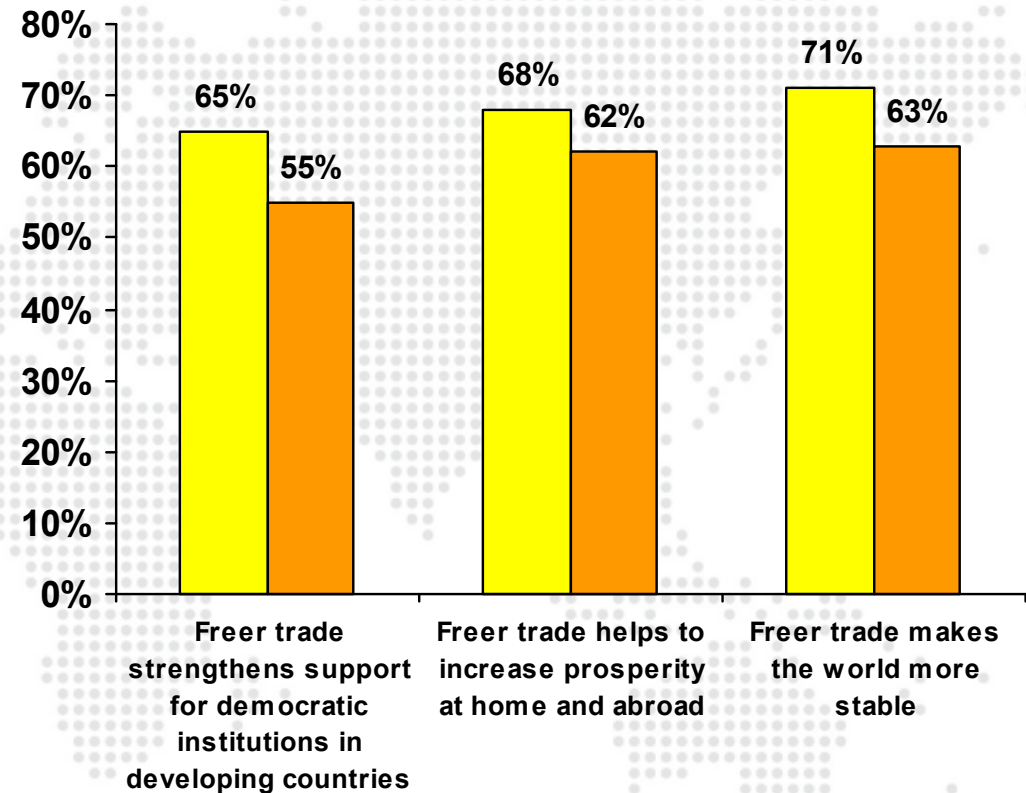
While Europeans continue to see foreign policy gains from freer trade, American confidence has diminished 2006-2007

Europeans



■ Europe, 2006 ■ Europe, 2007

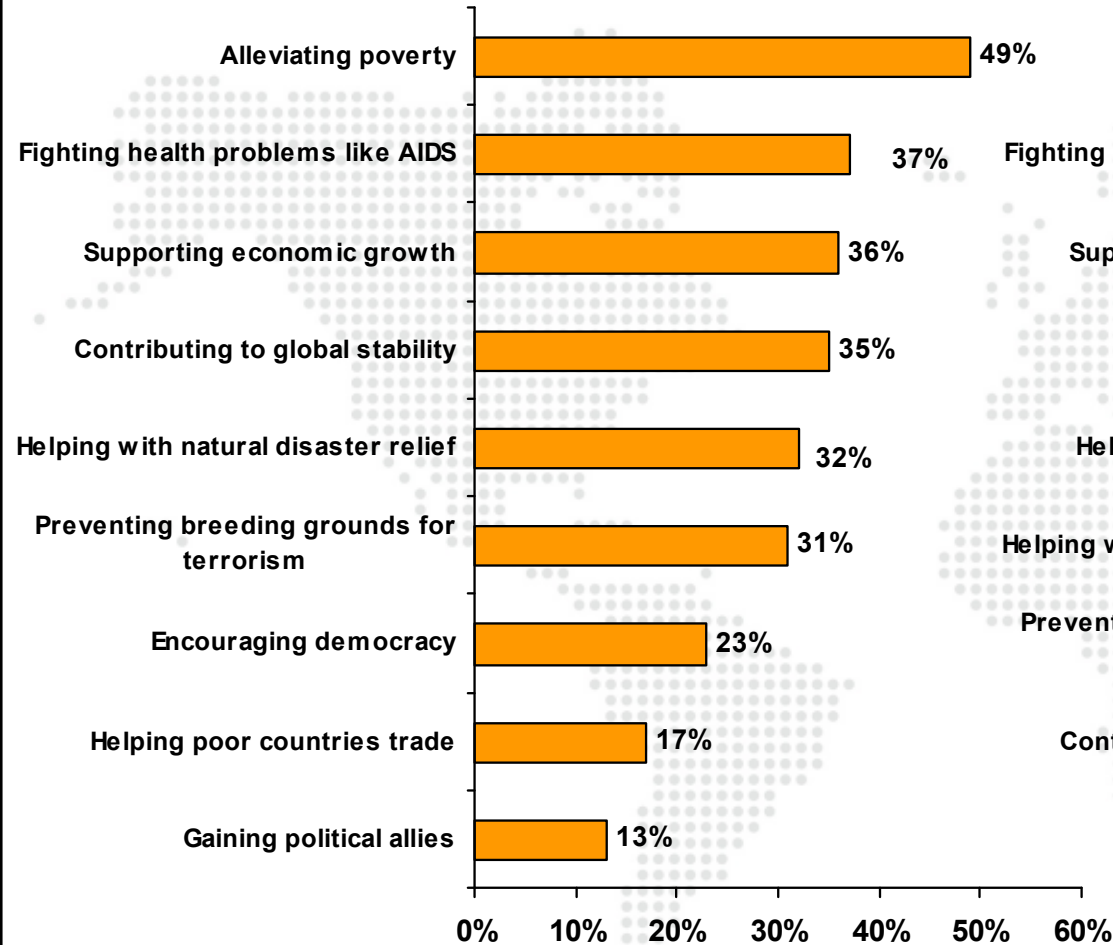
Americans



■ United States, 2006 ■ United States, 2007

The moral imperative is an important reason for giving aid, but so is promoting economic growth

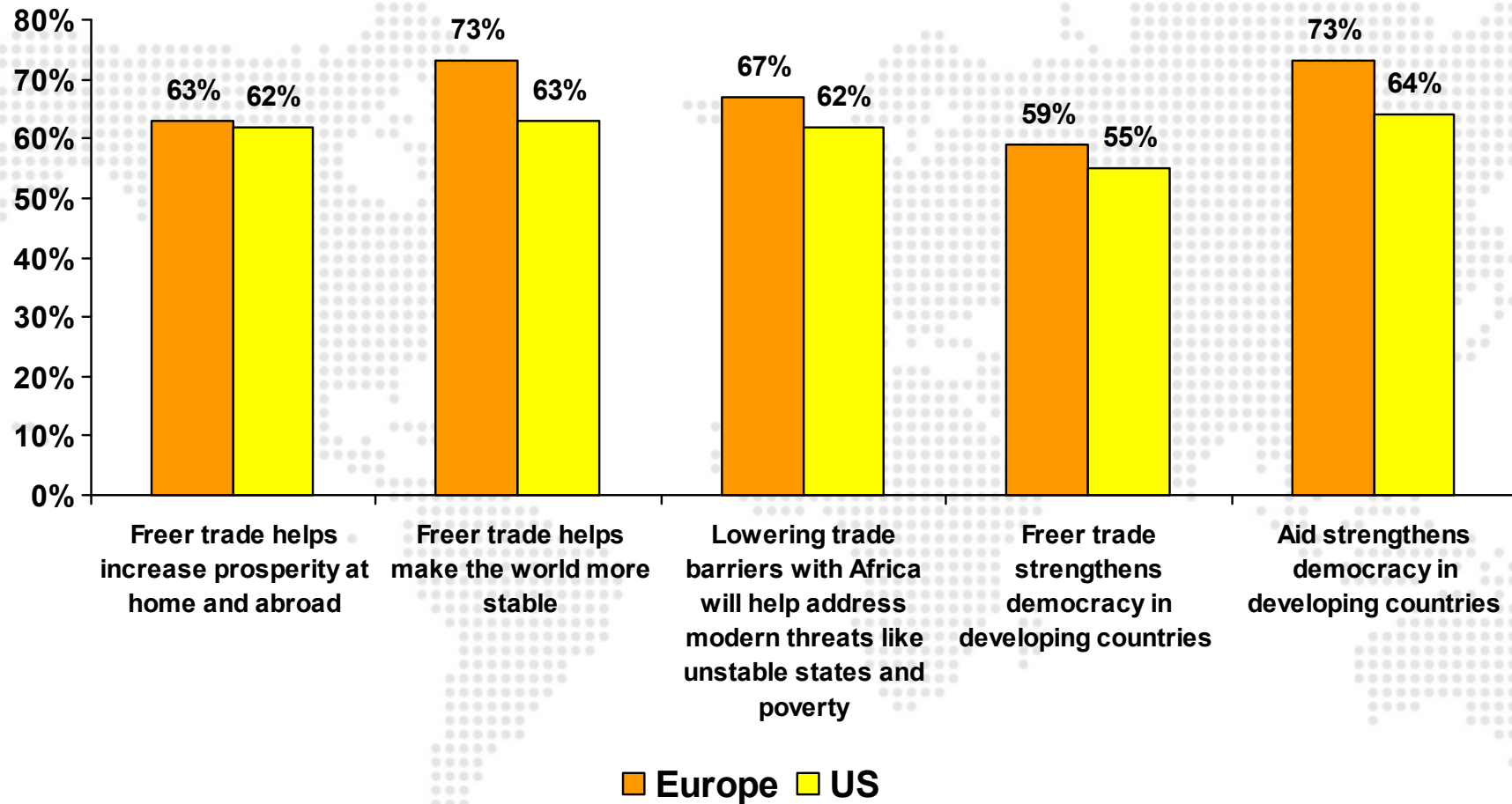
Americans



Europeans

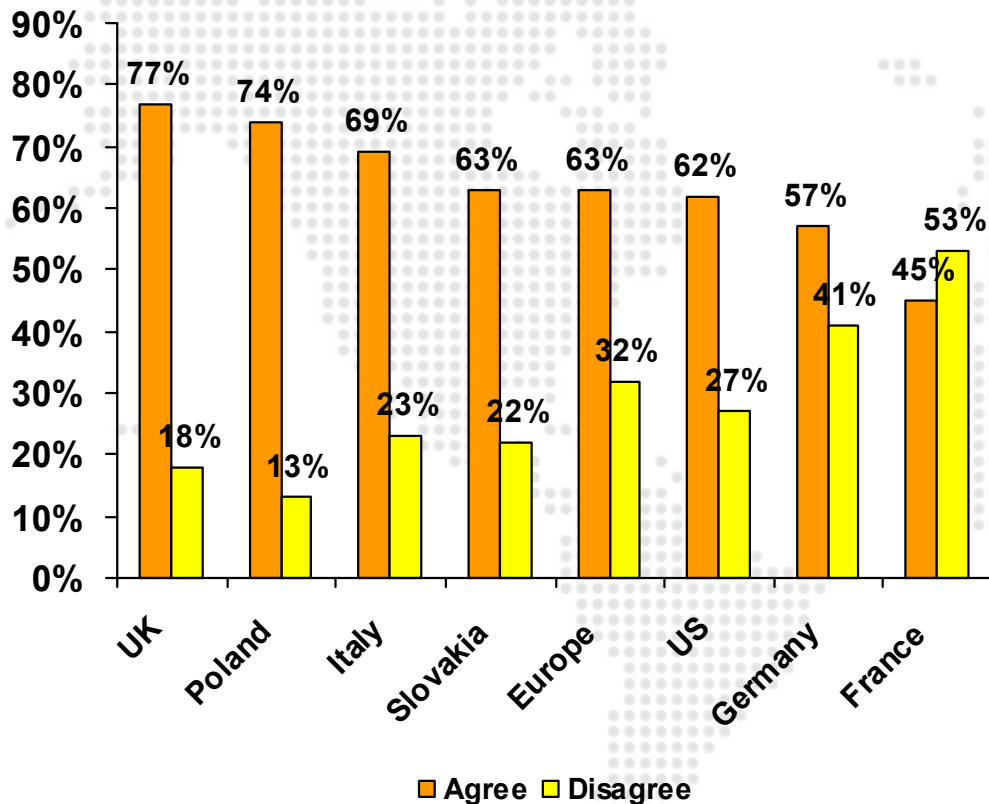


Majorities in the US and Europe see the foreign policy gains from freer trade and aid

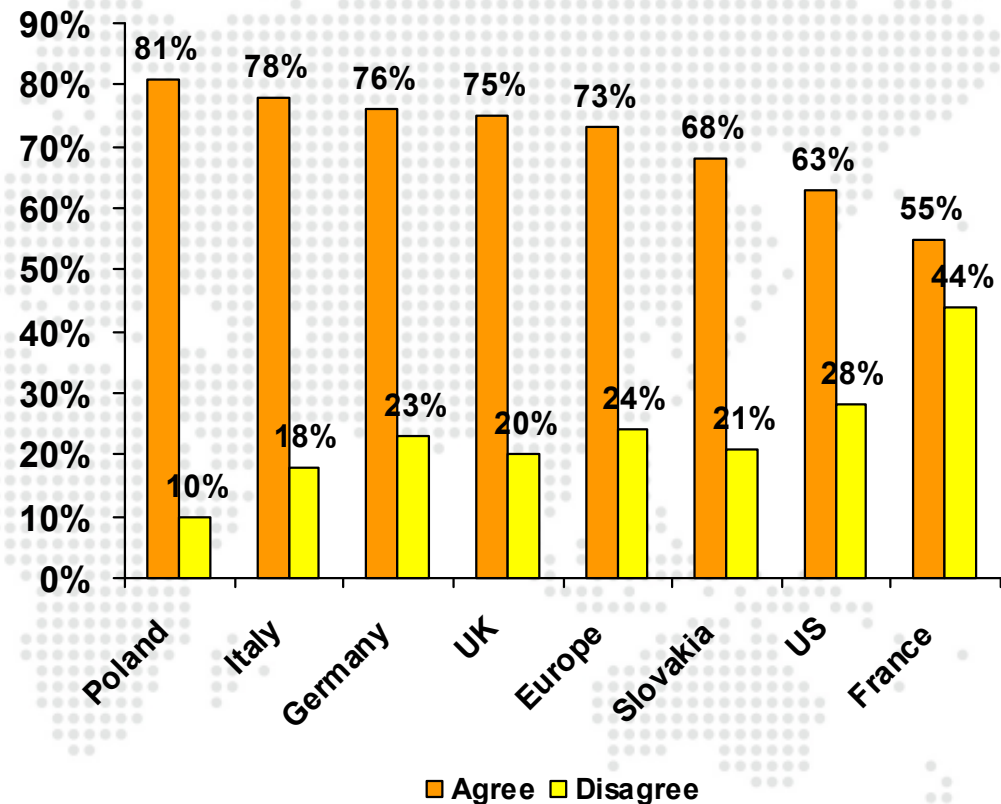


Most Americans and Europeans see freer trade as supporting shared prosperity and global stability

Freer trade helps to increase prosperity both in your country and other parts of the world

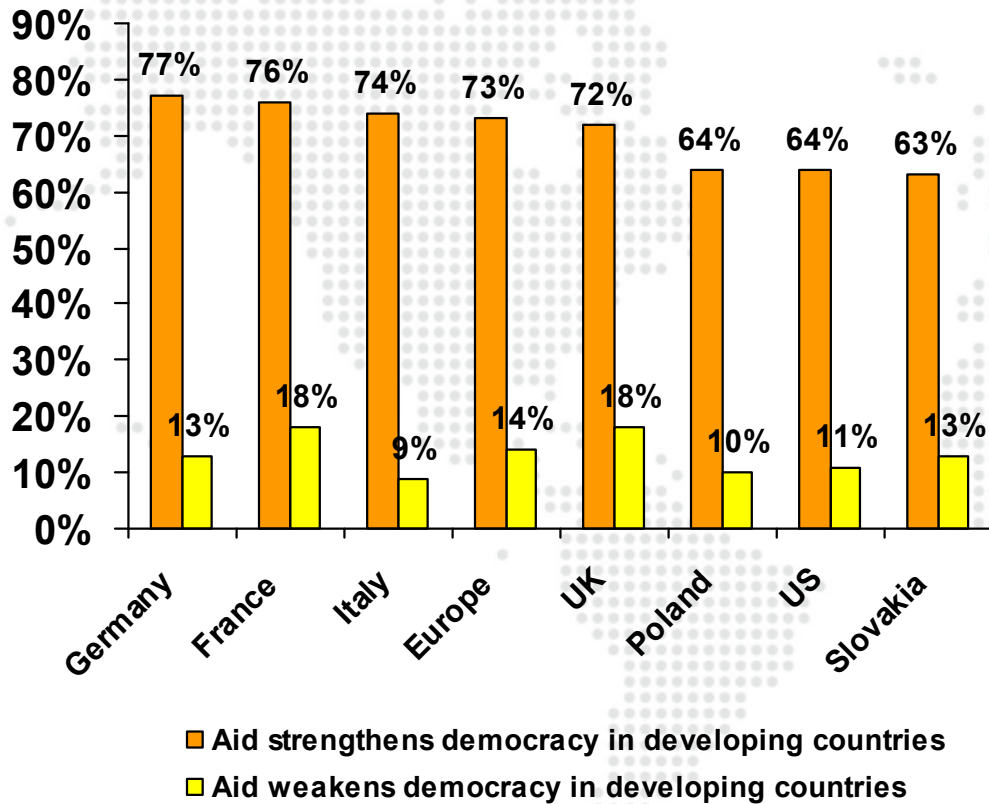


Freer trade makes the world more stable by putting people from different countries in contact

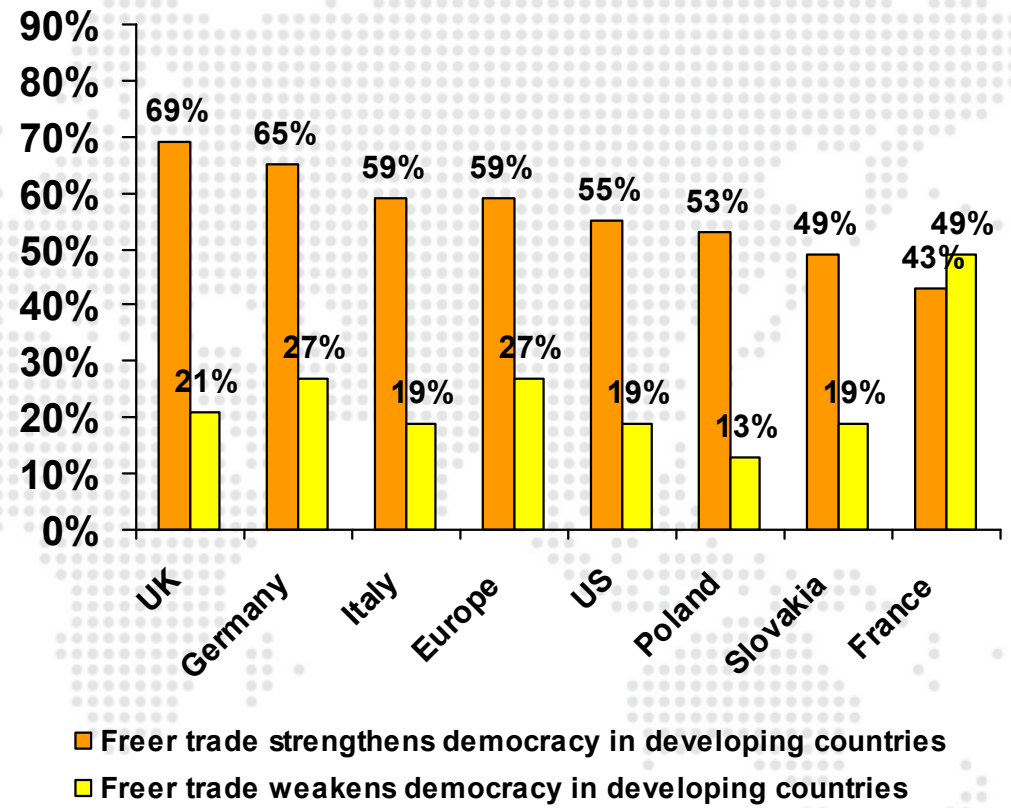


Most Americans and Europeans see aid and trade as helping strengthening democratic institutions in developing countries

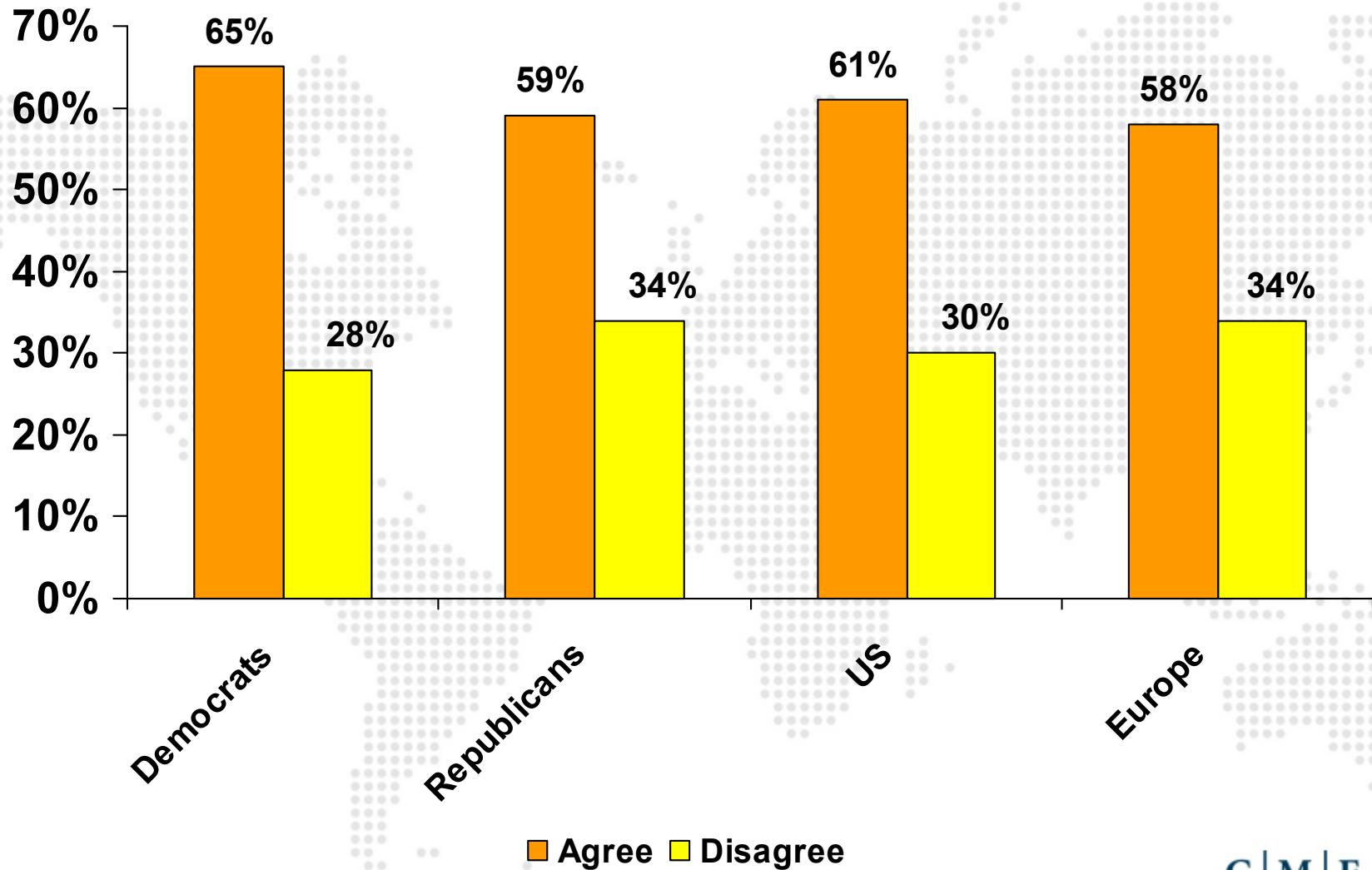
Aid as a tool for democracy?



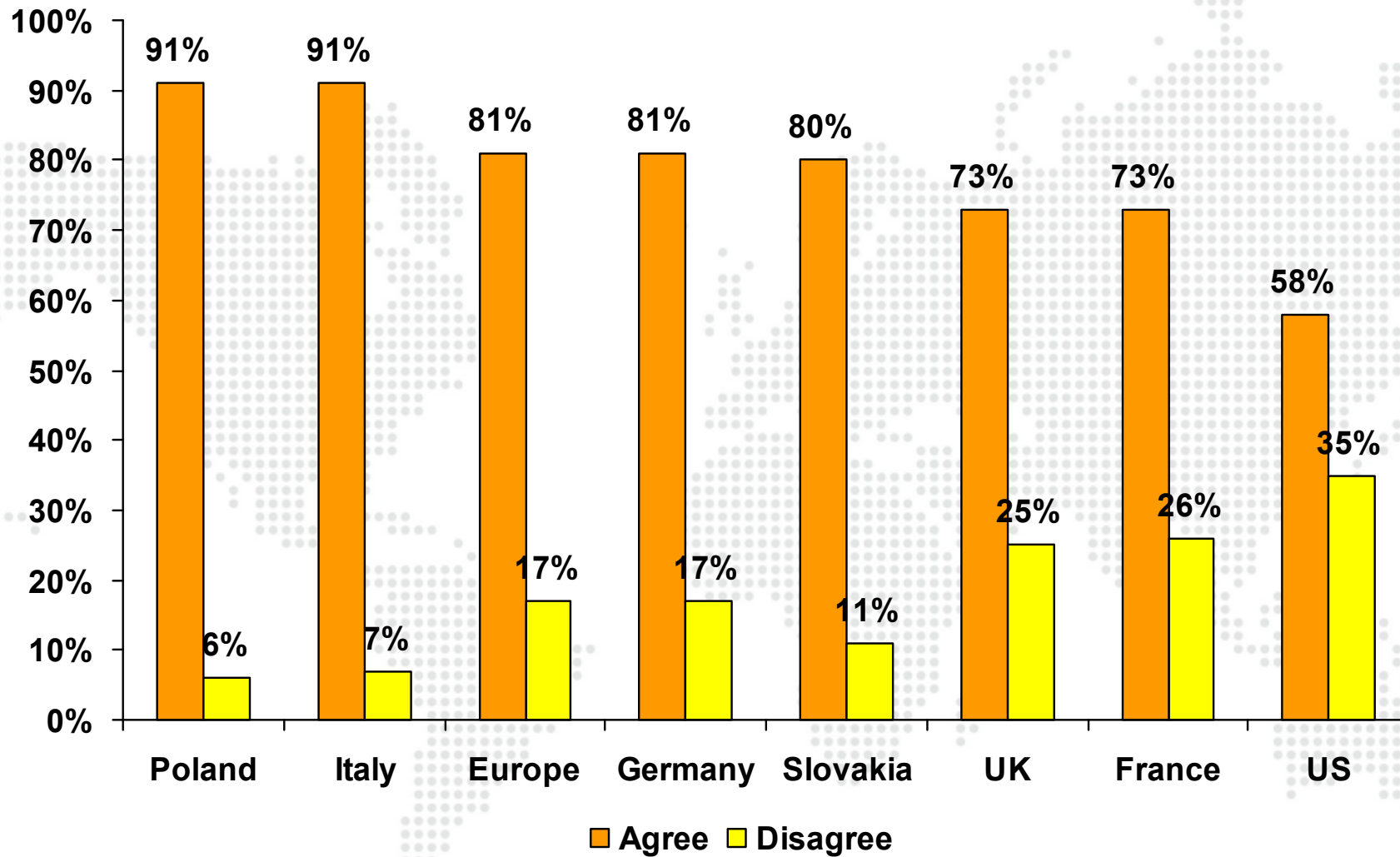
Trade as a tool for democracy?



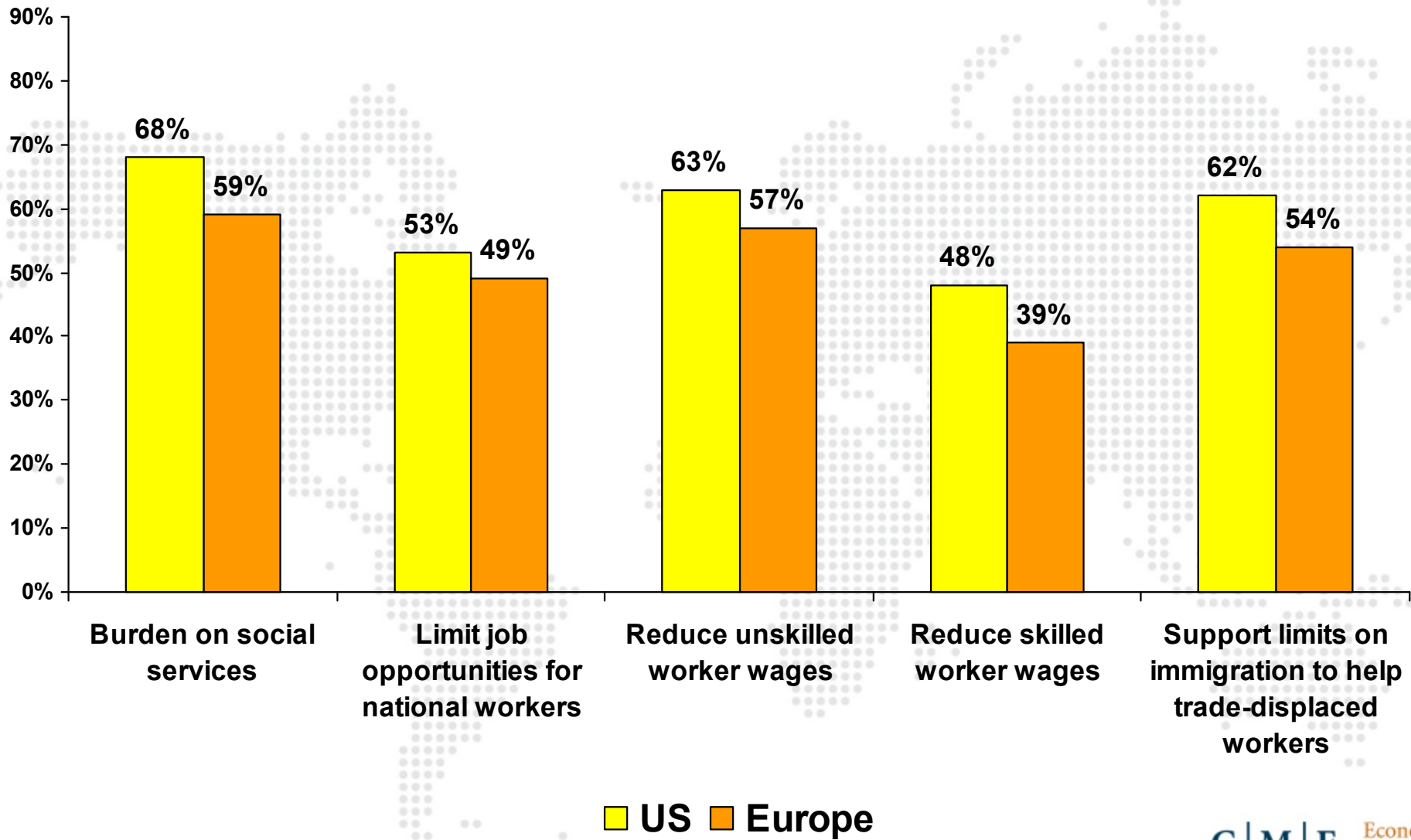
Most see labor and environmental standards putting them at disadvantage when engaging in free trade



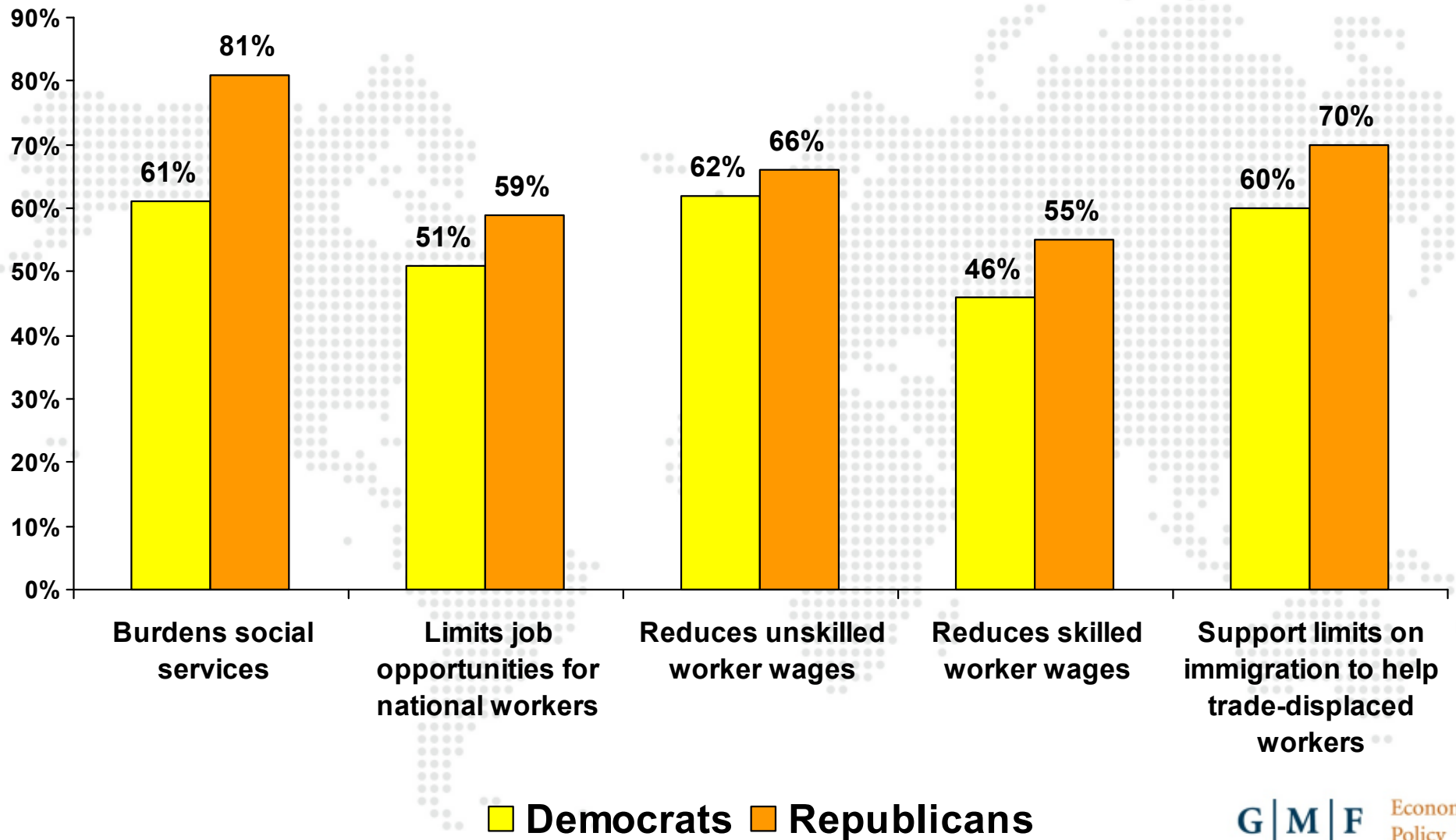
Americans are the least supportive of transatlantic worker immigration



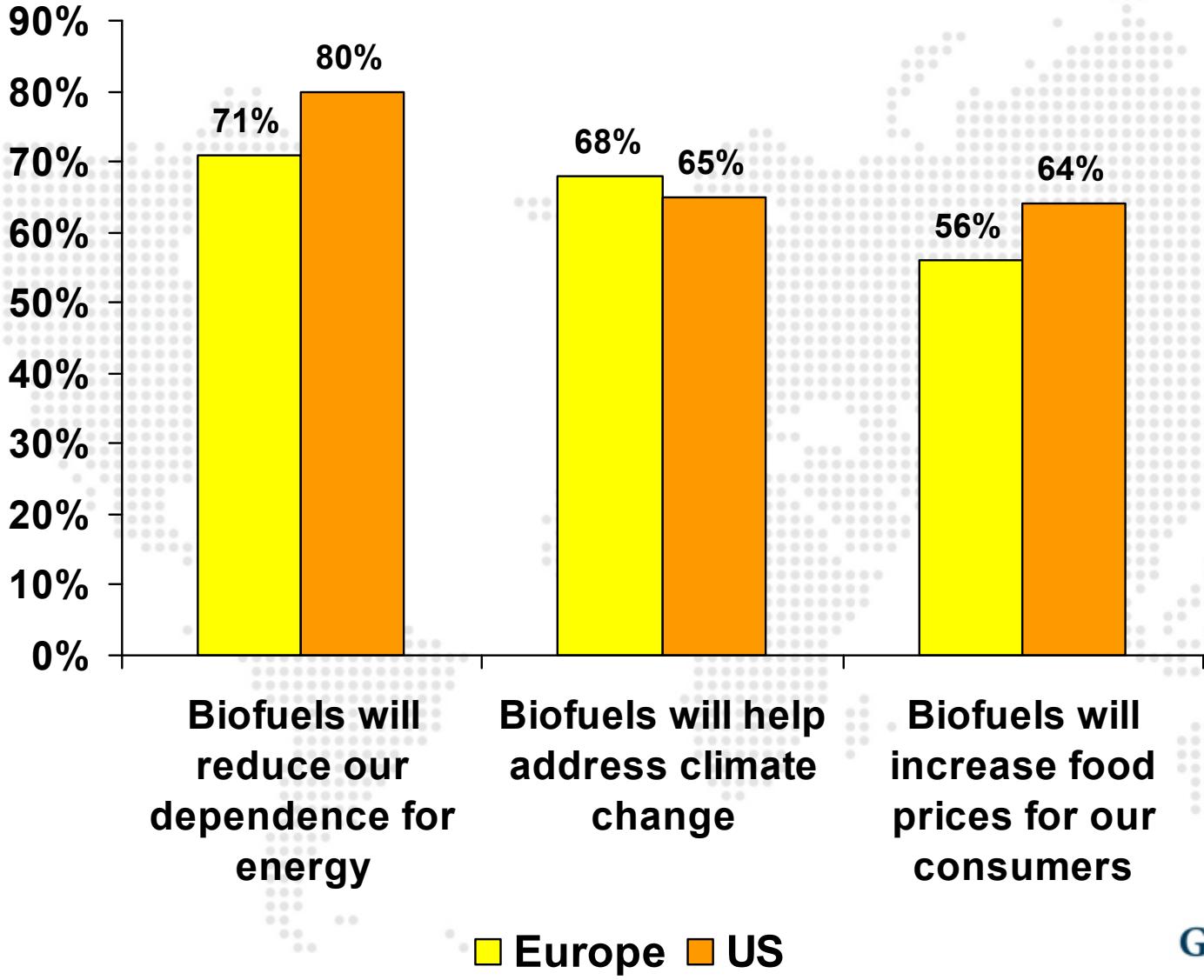
Americans are more pessimistic about the impact of immigrant workers



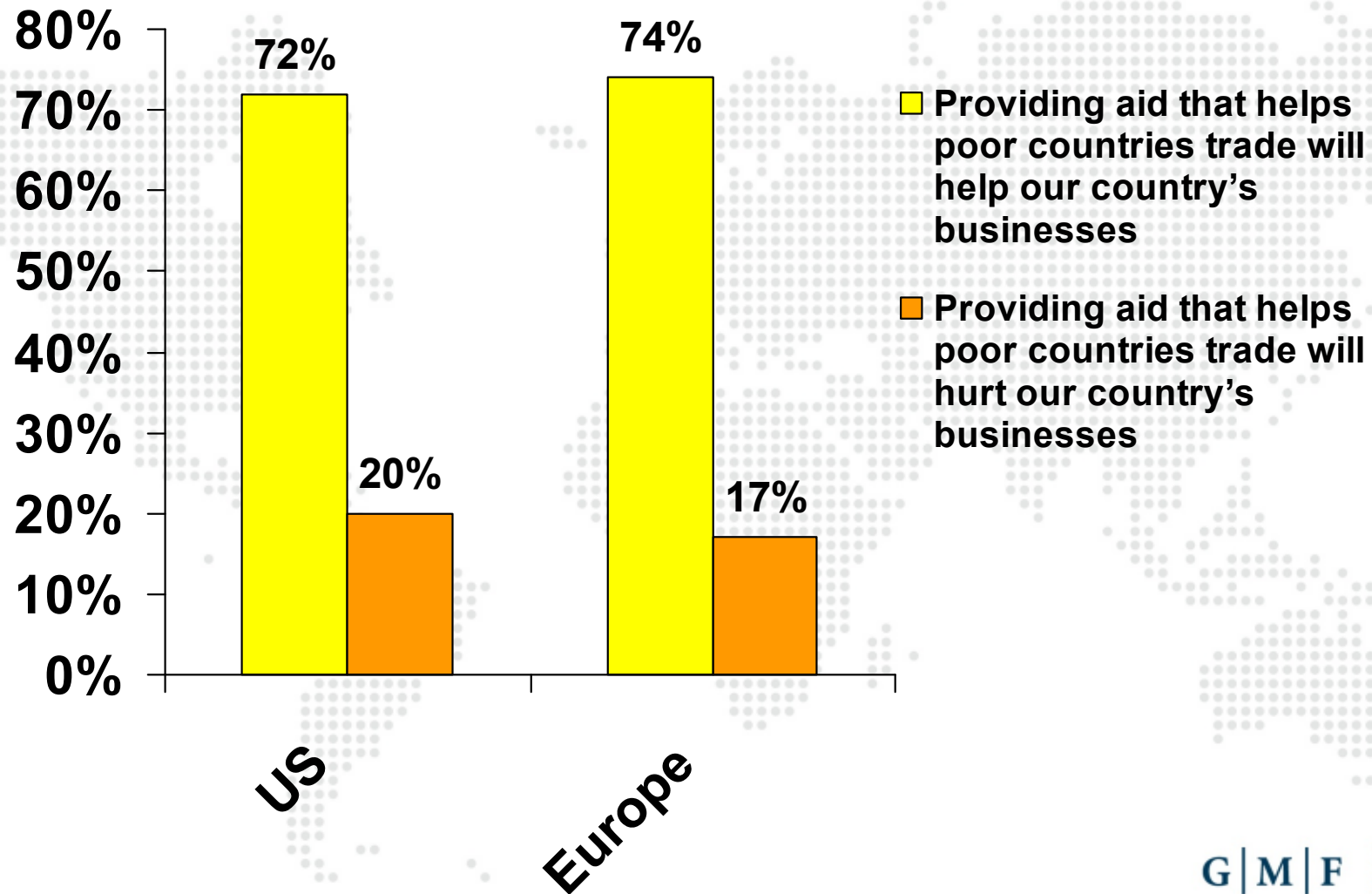
Republicans are more concerned about immigration



Americans and Europeans likely over estimate the benefits of biofuels, but many see the negative price impact



Most Americans and Europeans agree that “aid for trade” will help rather than hurt their own economies *



* 2006 Data