SHORT ARTICLE

Political Costs of Trade War Tariffs

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We analyze whether—and, if so, how—Americans reacted to the escalation of the trade war between the United States and China in June 2018. To address this issue, we leverage surveys conducted in the United States during this phase of the economic clash. We find a significant reduction in support for Donald Trump and his trade policy immediately following the announcement of retaliatory tariffs by the Chinese government. Moreover, respondents' economic concerns about the trade war were primarily sociotropic and only weakly related to personal pocketbook considerations or local exposure to Chinese retaliatory tariffs. We also find that the trade war's intensification was politically consequential, decreasing support for Republican candidates in the 2018 midterm elections. Our findings indicate that trade wars can be politically costly for incumbent politicians, even among voters who are not directly affected by retaliatory tariffs.

During the 2016 presidential campaign, Donald Trump promised to confront China over its "trade cheating" and unfair trade practices. After being elected, he followed through on this pledge. In January 2018, Trump imposed tariffs on Chinese solar panels and washing machines. The next few months were marked by recriminations and threats to impose additional trade barriers by both the United States and China. On June 15, the situation came to a head. The Trump Administration announced plans to impose tariffs on $50 billion of Chinese goods. Later that day, Beijing retaliated, announcing tariffs on $34 billion of American products and precipitating what was widely acknowledged to be a significant escalation of the trade war (Bown 2021).

To what extent did the trade war's escalation affect public support for the president and his trade policy? Existing studies have established that voters living in areas heavily targeted by China's retaliatory tariffs punished the Republican Party and Trump in subsequent elections (Blanchard, Bown, and Chor 2019; Chyzh and Urbatsch 2021; Kim and Margalit 2021). However, only a small portion of the American electorate resided in such areas, and few US workers were employed in targeted industries (Kim and Margalit 2021). Very little is known about how the electorate at large responded to the heightened intensity of trade conflict between the world's two largest economies.

We argue that most voters—not only those directly targeted by Chinese tariffs—were likely to view the trade war as a policy failure by Trump and the Republican Party. The escalation of the conflict revealed that the president was unable to successfully coerce China. It also led to a large and immediate stock market decline and, more generally, raised voters' concerns that the commercial confrontation would be economically harmful (Amiti, Kong, and Weinstein 2021; Casler and Clark 2021). We maintain that, as a result, many individuals turned against Trump and his protectionist trade policy.

To address this argument, we rely on three national representative surveys that were fielded daily during June 2018. We find a considerable reduction in support for Trump and his protectionist trade policy immediately following Beijing's announcement of retaliatory tariffs. We also find that the blame directed at Trump was an outgrowth of sociotropic concerns about the conflict's effect on the national economy, rather than personal pocketbook concerns.

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Moreover, our results indicate that the trade war was politically consequential, precipitating a reduction in support for Republican congressional candidates in the 2018 midterm elections. Although various studies have found that US voters respond to the direct effects of trade on their local communities (e.g., Autor et al. 2020; Margalit 2011), it is widely argued that the broader voting public rarely holds politicians accountable for trade policies (Frieden 2022; Guisinger 2009). During highly publicized trade clashes, however, the salience of trade policy rises throughout the electorate and voters may punish the incumbent head of state and his or her party.

EMPIRICAL STRATEGY

To assess how the American public reacted to the trade war, we rely on three mass opinion surveys. All of them were based on random sampling and were conducted daily, starting a few days before June 15, 2018, and ending a few days after China imposed its retaliatory tariffs. Crucial to our identification strategy in the following analysis is the assumption of temporal ignorability, that is, the premise that the time that an interview took place, which determines treatment assignment, is independent of individuals' potential outcomes. This assumption is quite reasonable in the current context—especially in the short term, when the tariffs had yet to inflict much economic harm on workers in targeted industries—since there is no reason to believe that the postescalation treatment affected self-selection into the treatment group by changing randomly sampled respondents' willingness to be interviewed. We validate this assumption in appendix C (apps. A–E are available online), which shows that the treatment and control groups are well balanced on background characteristics.

A second assumption required for causal identification in our research design is treatment excludability, which requires that any difference between respondents interviewed before and after the trade war's escalation is due solely to this event (Muñoz, Falcó-Gimeno, and Hernández 2020). Below, we validate this assumption using placebo tests. These tests demonstrate that the treatment affects support for the Trump administration's protectionist trade policy but has no bearing on support for how the administration was handling either immigrant family separation at the US-Mexico border or relations with North Korea, both of which were salient issues at the time of the survey.

Initially, we focus on a CBS News poll that was fielded from June 14 to 17 because it also includes data on public attitudes toward trade policy and other relevant issue areas. In other parts of the analysis, including appendix C, we show that the results based on this survey are similar to those based on a Kaiser Family Foundation (KFF) poll (June 11–20) and a Gallup poll (June 11–17) that were in the field at roughly the same time. We match respondents' county of residence—information that is only available for the KFF and Gallup sample—with data on county-level exposure to retaliatory tariffs in 2018 (Kim and Margalit 2021). Details about the sampling method and survey items are included in appendix A.

To sort respondents into control and treatment groups, we analyze changes in their information environment during the period when each survey was conducted. This includes an examination of the chain of events—the timing of the Trump administration's imposition of tariffs on imports from China and of Beijing's announcement about the items on its retaliation list. More importantly, appendix B assesses when and how the trade war's intensification was communicated to the public by the media. There was a steep increase in both Google searches of the term "trade war" and the number of newspaper articles addressing the bout's escalation beginning on June 15. The rise in the trade war's issue salience continued as Trump threatened another $200 billion of tariffs on June 18 if China retaliated again. According to a Pew poll conducted on July 11, less than a month after this round of economic conflict, 82% of Americans were aware of the Trump administration's decision to increase tariffs on a number of countries—including China—and the retaliatory tariffs imposed by these trade partners on US goods (see Laloggia 2018).

RESULTS

Column 1 in table 1 presents linear probability model (LPM) estimates of the effect of the postescalation treatment on whether respondents approved (1) of Trump or not (0).[1] The results indicate that—controlling for various demographic, socioeconomic, and political factors—his public support decreased by 6 percentage points immediately following the announcement of China's retaliatory tariffs, an effect that is both sizable and statistically significant.

In table 1 column 2, we address whether the escalation of the trade war with China fueled rising dissatisfaction with the Trump administration's trade policy. We estimate an LPM of the postescalation treatment's effect on whether respondents did (1) or did not (0) approve of his decision to impose tariffs on steel and aluminum imports from most US trade partners in March 2018. Our results indicate that the mounting economic conflict with China prompted roughly a 6 percentage

1. In table 1 col. 1, the absence of approval includes both disapproval and individuals responding that they "don't know." As shown in app. C, our key results are similar when "don't know" responses are coded as missing or as the midpoint in a three-point (CBS poll) or a five-point (KFF poll) Trump approval scale.

Table 1. Effects of Trade War Escalation on Voter Positions

			Trade War Will Harm:		Placebo	
	Trump Approval (1)	Approves US Tariffs on Steel (2)	US Economy (3)	Respondent (4)	Immigration Policy (5)	North Korea (6)
Postescalation	−.060*	−.061*	.069*	.038	−.024	−.014
	(.027)	(.029)	(.031)	(.032)	(.026)	(.029)
Covariates	✓	✓	✓	✓	✓	✓
State FE	✓	✓	✓	✓	✓	✓
R^2	.503	.356	.334	.234	.463	.421

Note. Linear probability model coefficient estimates with heteroskedasticity-robust standard errors in parentheses. Outcomes are binary indicators (cols. 1, 2, 5, and 6: 1 = approve, 0 = disapprove/don't know; cols. 3 and 4: 1 = worse off, 0 = better off/no difference). All models control for respondents' age, gender, level of education, income, ethnicity, party identification, and type of locality (big city, suburbs, small town, rural). FE = fixed effects; N = 1,082.
* $p < .05$.
** $p < .01$.

point decline in support for those tariffs and that this effect is statistically significant. In contrast, the results of our placebo tests in columns 5 and 6 reveal that the economic hostilities had no bearing on the popularity of how Trump was handling either immigration or North Korea. Taken together, these results demonstrate that the trade war was at the root of the decline in both Trump's approval and support for his protectionist trade policy.

Our results also suggest that respondents' primary economic concerns about the trade war were sociotropic rather than personal. Respondents were asked whether the US economy and their personal economic situation, respectively, would degrade (1) or not (0) in the event of a trade war. As shown in table 1 column 3, following the clash's escalation, individuals were 6.9 percentage points likelier to believe that the US economy would be harmed due to a trade war, an effect that is statistically significant. In contrast, column 4 shows that the effect of the rising discord on perceptions about respondents' personal economic situation is small and not statistically significant.

To assess the robustness of our results, we analyze the KFF survey's four-point measure of Trump approval. The ordinary least squares estimates in column 1 of table 2 indicate that there continues to be strong evidence that Trump's standing among Americans dropped immediately after Beijing announced it would impose retaliatory tariffs. Next, we further investigate whether the postescalation effect on Trump's popularity is driven by personal pocketbook considerations. If, for example, workers were concerned that the trade war could jeopardize their jobs, then individuals who actively participate in the labor force might exhibit greater disapproval of Trump in the aftermath of the conflict's escalation than other individuals.[2] Alternatively, opinions of Trump after the trade war's intensification might be shaped by the distributional consequences of tariffs. The Stolper-Samuelson theorem establishes that trade barriers harm high-skilled labor and benefit low-skilled labor in countries, like the United States, endowed with an abundance of the former and scarcity of the latter (Stolper and Samuelson 1941). However, the results in columns 2 and 3 of table 2 furnish no evidence of heterogeneous effects across respondents differentiated by labor force participation or formal education, which is a frequently used proxy for skill.

The extent to which individuals soured on Trump in response to the trade war might also depend on its potential impact on their community, especially the adverse effect on workers employed in local industries targeted by the Chinese tariffs (Kim and Margalit 2021). Another possibility is that disapproval of Trump reflected concern that tariffs would drive up prices for American consumers. If so, low-income individuals, who spend a larger share of their income on consumer goods than their more affluent counterparts, could grow more hostile toward Trump as a result of the trade war's escalation. However, as columns 4 and 5 in table 2 show, the effect of the mounting hostilities on Trump's popularity does not depend on either income or the extent of local exposure to Chinese retaliatory tariffs.

Taken together, these findings provide no indication that the influence of the trade war on support for Trump reflects personal pocketbook considerations. Nor is there evidence

2. Data on employment status were collected only in the KFF survey. Labor force participation includes respondents who are either in paid work or unemployed but are currently seeking employment.

Table 2. Effect Heterogeneity

	(1)	(2)	(3)	(4)	(5)	(6)
Postescalation	−.169**	−.225**	−.289**	−.224**	−.183*	−.069
	(.062)	(.076)	(.101)	(.078)	(.071)	(.078)
Postescalation × college graduate		.163				
		(.128)				
Postescalation × in the labor force			.189			
			(.127)			
Postescalation × high income				.147		
				(.127)		
Postescalation × targeted by Chinese tariffs					.053	
					(.138)	
Postescalation × Republican						−.260*
						(.125)
Covariates	✓	✓	✓	✓	✓	✓
State FE	✓	✓	✓	✓	✓	✓
R^2	.521	.522	.522	.522	.521	.523

Note. Ordinary least squares coefficient estimates with standard errors in parentheses. The dependent variable is a four-point scale of presidential approval. (Table A-12 shows that the results are substantively similar using ordered probit models.) All models control for respondents' age, gender, and all constitutive variables making up the interaction terms: education, labor force participation, income, county-level exposure to tariffs (top quartile), and party identification. FE = fixed effects; N = 1,076.

* $p < .05$.

** $p < .01$.

that the likely economic damage of the trade war to an individual's community is at the root of such support. Instead, heightened discontent with Trump in the wake of the conflict's intensification seems to have stemmed from sociotropic worries that the trade war would damage the US economy.

Finally, there is evidence of a partisan divide in disapproval growing out of the trade war. The results in column 6 of table 2 show that the dip in support for Trump was primarily driven by Republicans, rather than individuals who were unlikely to vote for Trump or other Republican candidates. This suggests that voters' reaction to the escalation of the trade war had the potential to affect election outcomes, an issue to which we now turn.

ELECTORAL IMPLICATIONS

To address whether the public's reaction to the escalation of the trade war was electorally consequential, we use a third survey that was conducted by Gallup on a daily basis from June 11 to 17 and assessed respondents' voting intentions in the 2018 congressional elections. We focus on four binary dependent variables: whether respondents (1) approved of Trump's performance in office, (2) intended to vote for the Republican candidate, (3) intended to vote for the Democratic candidate, and (4) did not intend to cast a ballot. We regress each of these variables on the postescalation treatment using logistic regression models that include a measure of county-level exposure to China's retaliatory tariffs in addition to a set of standard socioeconomic, political, and demographic covariates.[3]

The analysis yields various notable findings. Consistent with our results derived from the CBS and KFF polls, the estimates in table 3 column 1 show that the trade war's intensification reduced public support for Trump. The estimates presented in the remaining columns indicate that the trade conflict not only affected public attitudes toward Trump but also changed the electoral preferences of voters. Holding all other covariates at their respective sample means, the estimated probability of intending to vote for a Republican candidate in the midterm elections dropped by 7 percentage points after June 15. Moreover, the escalation of the clash did not affect whether voters intended to cast a ballot, but it significantly increased their intention to vote for a Democratic candidate.

Further analysis suggests that the trade war influenced the ballots cast in the midterm elections, as well as voting

3. Appendix table A-13 shows that the Gallup sample is also well-balanced and the observable characteristics of control and treated respondents are similar. Appendix C reports similar results using various robustness tests, including entropy balancing to account for any minor covariate imbalances in the sample.

Table 3. Postescalation Effect on Voting Preferences in the 2018 Midterm Elections

	Trump Approval (1)	Vote Republican (2)	Vote Democrat (3)	Won't Vote (4)
Postescalation	−.540**	−.402*	.739**	.012
	(.172)	(.203)	(.247)	(.176)
% targeted by Chinese tariffs	.071	.023	−.013	−.027
	(.039)	(.041)	(.048)	(.041)
Covariates	✓	✓	✓	✓
State FE	✓	✓	✓	✓
Pseudo-R^2	.454	.597	.678	.175

Note. Logistic regression estimates with standard errors in parentheses. All models control for respondents' age, gender, ethnicity, level of education, income, party identification, number of call attempts until completing the interview, phone status, and county-level exposure to Chinese tariffs. FE = fixed effects; $N = 1{,}333$.

* $p < .05$.

** $p < .01$.

intentions. In appendix E, we examine the longer-term effects of the trade war using postelection survey data in which respondents were asked whether—and, if so, for which candidate—they had voted. Our analysis of this survey focuses on individuals who reported that they had voted for Trump in 2016. These findings should be interpreted cautiously, but they suggest that Trump voters who opposed his tariffs tended to withhold support for Republican candidates in the midterm elections, even after controlling for a host of potential confounders, including (preelection) approval of Trump, ideology, and attitudes toward various issues other than trade.

Finally, the results in table 3 indicate that county-level exposure to retaliatory tariffs is weakly related to voting. Taken together with previous findings that China strategically aimed at Republican-leaning counties to maximize electoral losses for Trump and his party, these results imply that voters in heavily targeted areas responded to the trade war only after its economic effects had been felt in their community.

CONCLUSION

In March 2018, Donald Trump famously tweeted that "trade wars are good, and easy to win." A significant segment of the American public disagreed. Whereas Trump's promise of a more truculent US trade policy may have won him votes in 2016, acting on this pledge once in office combined with Beijing's hostile reaction to Trump's tariffs damaged his standing among the American public and cost Republicans votes two years later. There is evidence that this downturn in approval was primarily an outgrowth of concern about the effects of economic hostilities on the national economy. Of course, it may also have stemmed from factors that we were unable to account for given data availability, including surprise and unhappiness that Beijing was willing and able to confront Trump despite his bravado or concerns that the trade war would contribute to political-military conflict. Regardless, we find that the economic clash had a meaningful domestic political impact.

Research on the political economy of trade has repeatedly demonstrated that trade tends to be a low-salience issue and most voters do not hold politicians accountable for their trade policies. When trade does affect electoral outcomes, it is usually in those areas heavily influenced by trade shocks. Yet an important limitation of studies that focus on geographic variation in exposure to trade shocks is that the broader response of American voters is given short shrift. Any political shift shared by voters in both directly affected and nonaffected areas is absorbed by the fixed effects of time and cannot be exclusively attributed to trade policy changes. Focusing on the escalation of the US-China trade war, we provide evidence that those overlooked effects can be politically meaningful.

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