



## Is There Support for a Prolonged Trade War?

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The trade war is creating massive uncertainty for investors, businesses, and policymakers in the US and globally. The key question now is whether it will be long-lasting. Is there support for continued US tariffs on foreign products? Will there be continued support at this critical moment as Americans head into midterm elections in November?

Continuous RIWI data show clearly that most Americans are neither anti-trade nor pro-trade. Half of Americans consistently over time and across the country do not feel they know enough to say whether NAFTA, or trade with China, is good or bad for the US. This provides fertile ground for a prolonged trade war with little domestic US political risk. But it also allows for the possibility of a shift towards positive trade attitudes.

Over the next few months, RIWI data will provide a decisive signal on whether American views are changing and becoming more positive or negative on trade. This signal will be critical as the upcoming elections serve as a referendum on the US administration's policy positions - particularly foreign and trade policy positions.

### *The spectre of a long-lasting trade war matters*

The US has imposed new tariffs on imported products from key trading partners, most notably China but also Canada, Mexico, Europe and others. Trading partners have retaliated with tariffs on US products exported to their countries, in the hopes that the tariffs will negatively impact American businesses and force the US to back down quickly. The resulting trade war is disrupting long-established regional and global supply chains, and raising consumer prices in the US and globally. Perhaps costlier than the tariffs themselves is uncertainty over how long they will last. Uncertainty tends to cause delays in decision-making, as businesses wait until they have more clarity.

### *Early indications that Americans not opposed to a prolonged trade war*

To assess what US views are, and whether they are changing in response to US tariffs or retaliatory tariffs, we used RIWI survey and behavioral reaction technology. RIWI uses a robust method that is highly accurate at capturing true public views and early signals of change in those views.

RIWI data on 8,000+ randomly engaged Americans from June through August 2018 show that most Americans are not anti-trade. At the same time, the majority of the US public is not opposed to the tariff agenda. Two in five are willing to accept higher prices on household products in exchange for the promise of more American jobs. Moreover, these views are extremely stable and are not changing in response to trading partners retaliating, at least not yet. Indeed, half of Americans are consistently unaware of trade retaliation. We also find that those who believe Republicans will win in the midterms are more likely to support an anti-trade agenda, particularly towards China.

Taken together, these data suggest that, for the moment, there may be little domestic political cost to a prolonged trade war. Investors, business, and policymakers need to adjust their



strategies for the very real possibility that these tariffs will be long-lasting. At the same time, the finding that Americans are not strongly anti-trade presents an opportunity for trade-dependent partners to shift public opinion. In the run-up to the midterms, and as the effects of two-way tariffs kick in, RIWI data will provide a definitive and early signal of when and whether those views start to shift.

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### **Additional details on findings and methodology**

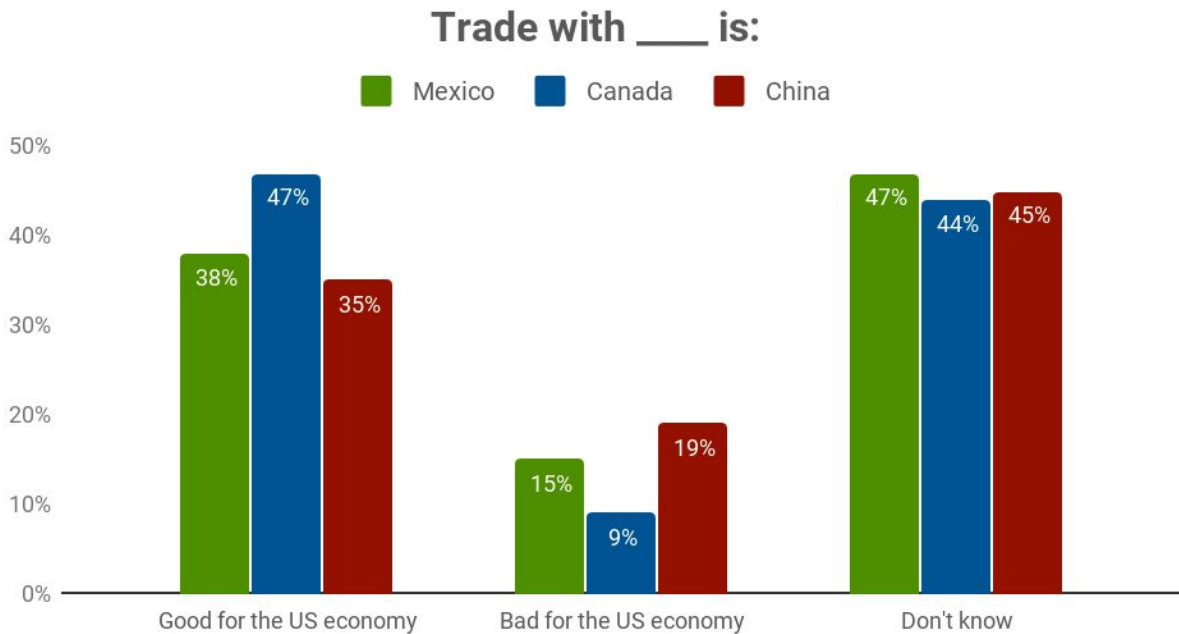
#### *Continuous, anonymous tracking of 8,000+ randomly engaged Americans*

Using proprietary RIWI technology, we collected continuous, anonymous data from about 1,100 randomly engaged Americans **each week** from June 22 through August 9, 2018, for a total of about 8,000 responses. Instead of surveying a self-selected pool of paid or incentivized respondents with the hope that they can represent the broader population, RIWI draws randomly from the entire Web-using population in the US. This is a vastly larger pool of respondents than do traditional surveys, and, therefore, provides much more accurate sentiment.

RIWI does not offer incentives to respondents to complete surveys. People can exit at any time. As a result, the number of responses to each question can vary. To date, RIWI has received more than 1.3 billion responses globally. Since RIWI data already mirrors the US Web-using population and therefore is representative of the general population, we report the data as is in this analysis, rather than reweighting by census population data as would be required in a traditional quota-based telephone or panel survey.

#### *Half of the US population is unaware*

RIWI data paint a picture of US trade sentiment that is one of lack of awareness, rather than anti-trade, as the chart below shows. RIWI asked a variety of questions to gauge trade sentiment. We provided an answer option of “don’t know or don’t care”. Despite half or more selecting “don’t know or don’t care” on the trade questions, most respondents continued to answer the survey and had similar drop-off rates to other RIWI US surveys. This suggests a lack of awareness rather than complete disengagement with the issue.



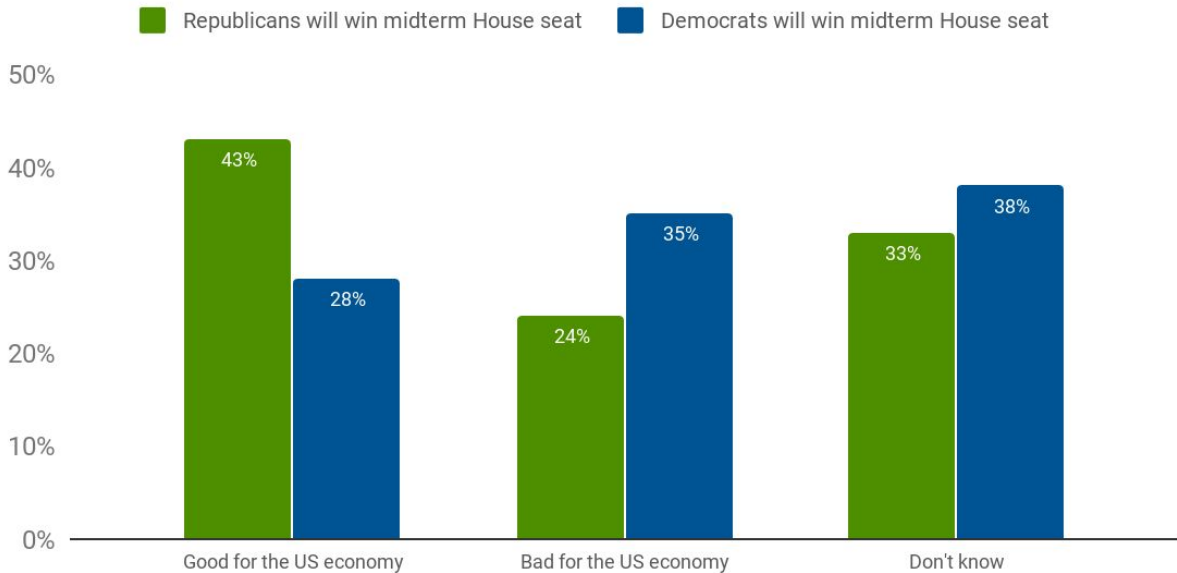
Source: RIWI data. June 22-August 9, 2018. One third of respondents were asked about each of Mexico, Canada, and China, for a total of 7,994 randomly engaged Americans.

Roughly one out of every two Americans does not know whether trade benefits the US. This finding is consistent throughout the June-August tracking, despite a highly active period of new US tariffs and retaliatory tariffs. Even for trade with Canada, which is the largest export market for the majority of US states, almost half of Americans are not sure if it is good for the US. That said, of the half of Americans that have an opinion, it is mostly a positive view of trade, even for trade with China.

*Republican supporters are much more anti-trade*

Cutting the data further, we find that anti-trade and anti-China sentiment are much higher among those who are likely to vote Republican. Since respondents do not always truthfully report for whom they will vote, we ask them which party they think will win their House of Representatives seat in the November 2018 midterm elections. The idea is that those who are friends and neighbours of Republican voters are likely to vote Republican themselves. RIWI data show that those who tend to support Republicans are more likely to support tariffs on China.

## Tariffs on Chinese products are...



Source: RIWI data, June 22-August 9, 2018. 2,535 observations (remaining 5,000+ respondents were given a parallel question, either on Canada or on Mexico).

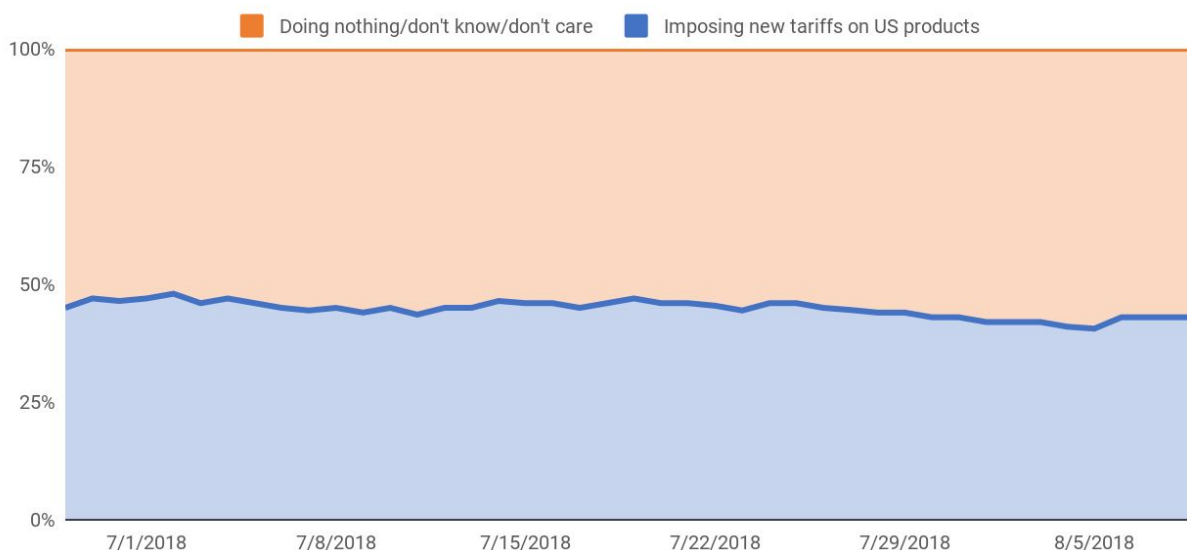
Forty-three percent of likely Republican voters appear to support prolonged US tariffs against China. This adds support to the argument that the end game for tariffs on Chinese products may simply be the tariffs themselves, rather than some specific action on China's part. As we approach the midterms, it will be important to watch what happens to the "don't know" category for those likely to vote Republican. With so many voters unclear, will views shift to the good or bad category or remain unaware?

### *Awareness of trade retaliation is low, openness to higher prices is high*

The idea of retaliation is that it will cause American businesses and their employees to be negatively impacted, and force the US to remove the tariffs. But half of Americans are unaware of tariff retaliation, despite a flurry of tariffs and counter-tariffs imposed over the period. Moreover, as the chart shows, this is stable over time.

## The United States is putting new tariffs on foreign products.

What are foreign countries doing in response?



Source: RIWI data, June 22-August 9, 2018. 8,606 observations. 7-day rolling average.

In addition, two in five Americans say they are willing to pay more for household products in return for “jobs returning to the US”. While it is unclear if they would actually pay more for products in practice, what is clear is that a consistent two-fifths say they would pay more, and this does not change with every week of measurement, each time with a fresh group of random survey respondents.

### *Public’s views are not changing, at least not yet*

US anti-trade sentiment is not widespread. The majority of those with an opinion on trade tend to have a positive one. However, half of Americans lack awareness of trade’s impacts and foreign tariff retaliation. Moreover, the data show that there is tolerance for some pain in the name of future gain. And, that almost half of likely Republican voters tend to be unwavering in their support of tariffs on China. These views are not showing any signs of change. Taking these findings together, there could be room for a longer trade war with few domestic political consequences. At the same time, the finding that Americans are not strongly anti-trade presents an opportunity for trade dependent partners to shift public opinion. It will be critical to watch whether US views change or remain the same over the next few months in the lead-up to the midterm elections.

### *What else should RIWI ask?*

These RIWI data establish highly stable, baseline views. In the months leading up to the US elections and beyond, we can compare this baseline with views of new randomly engaged Americans. We are also already tracking business ownership, employment status, region, demographic data, allowing RIWI or others to explore in the coming weeks how business owners in particular are responding. RIWI is also tracking randomly engaged Chinese respondents on their views on trade and trade retaliation, as well as on their responses to the trade war, including expected future changes to their foreign investment patterns.



This analysis is only a first step. What else should RIWI ask in the US in the next six months to a year? How else might we track the effectiveness of retaliation and the likelihood of a prolonged trade war? What else might RIWI track in China and other trade partners?

RIWI is continuously tracking a range of other emergent financial, economic, and social risks and trends in the US and across all geographies. What should RIWI track next? If you are interested in finding out more about RIWI's continuous global trackers, or for access to the more detailed dataset on which this analysis is based, please contact:

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### **About RIWI Technology: A Highly Accurate Approach to Measuring Global Change**

RIWI's patented survey technology enables the continuous, highly accurate measurement of broad, randomized opinion or behavior in any geography of the world. RIWI delivers anonymous surveys to random Web users who are surfing online by typing inactive, non-trademarked websites directly into the Web address bar (i.e., URL) and, further, ensures that the exposed survey audiences are representative of the Web-using geography of interest. When these users type in websites that are vacant or no longer exist, RIWI invites these inbound random visitors, filtered through a series of proprietary algorithms, to participate in a language-appropriate survey for no incentives. RIWI's global survey platform thus enables rapid and non-conditioned survey response data from any random respondent encounter. No personally identifiable information is collected, stored or transferred.

RIWI technology offers a "truly random sample of the Internet population", according to IRIS (International Research Institutes), the largest scientific association of independent research agencies in the world, when describing RIWI's technology (referred to as Random Domain Intercept Technology™, or RDIT). Since its incorporation in 2009, RIWI has received more than 1.3 billion responses across the world responding to RIWI surveys, digital campaigns and ad tests. RIWI's ability to capture truly random sentiment has meant correct [predictions for all major recent elections and other geopolitical events](#) not captured by traditional polling or other methods, including the 2016 US election.

RIWI technology captures views of respondents representative of the Web-using population. In the US, this randomized approach gathers broad-based sentiment across all of the country, including urban and rural and across age groups. Continuous tracking allows up-to-date and robust data on emergent trends. The number of observations per question vary due to the randomization of the survey engagement process. Some respondents choose not to respond to every survey question since RIWI technology does not use quota-based sampling or other methods to compel disinterested or paid respondents from answering all questions.