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Article

The Multisided Threat to Free Trade: Protectionism and Fair Trade During Increasing Populism

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Abstract
The standard embedded liberalism argument for increasing free trade after World War II is that countries have compensated those hurt by trade and, therefore, have reduced opposition to free trade policies. This argument relies on opposition to trade being motivated by personal economic effects of trade; however, recent work has increasingly found other motivations for protectionism, calling into question the sustainability of embedded liberalism. This article argues that this threat to embedded liberalism will grow worse as populism increases, which leads to both more nationalistic and more economic opposition to trade, which is only partially offset by other non-economic opposition (most notably, fair trade) decreasing. This article offers a conceptual framework for the different types of opposition to trade and how increasing populism influences its composition. The framework is supported by descriptive statistics of public opinion on trade policy in the US over the past two decades, encompassing trade opinions before and during the global financial crisis, as well as during the rise of global populist movements starting around 2016. We conclude the article with policy implications regarding the multi-sided threat to free trade and how policymakers can confront the evolving challenges to embedded liberalism.

Keywords
embedded liberalism; fair trade; free trade; populism; protectionism; trade policy preferences

Issue
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1. Introduction

The standard story about trade policy since World War II is that countries were able to steadily move towards freer trade because they matched the liberalization of trade policy to increased compensation for those hurt by increased imports. This compromise, known as embedded liberalism, reduced opposition to trade by low-skilled workers and import-competing industries, thus preventing a backlash to globalization. Although simplified, this story is largely true, at least until recently when new threats to globalization emerged. Increased concerns about the ethical impact of trade empowered the fair trade movement, which sought to limit trade with countries that had lower labor and environmental standards, concerns that could not be countered with increased compensation. The fair trade movement was joined by increasing populism in Europe and North America that often expressed nativist concerns about the effects of globalization on domestic society. The compromise of embedded liberalism seemed to be fraying under attacks from both left and right. With Brexit in the UK and Donald Trump’s victory and subsequent protectionist trade policies in the US, populism won important victories while fair trade persisted in a less visible role and free trade took a step back in important global economies.

This article argues that free trade faces multiple threats simultaneously. The fair trade movement remains a threat, but in times of economic insecurity, it becomes less significant as more people focus on the economic effects of international trade. Economic insecurity can breed nativist populism which pushes a more

isolationist foreign and economic policy. As economies improve, protectionist threats to embedded liberalism will recede and fair trade threats will grow. This multi-sided threat presents significant complications for free trade as the policy responses to traditional protectionism, populist protectionism, and fair trade are different. Governments cannot simply enact compensation policies to increase public support for trade to deal with each of these trade threats. To demonstrate this, we proceed as follows. First, we provide reviews of the literature on embedded liberalism and fair trade as well as on trade policy preferences since our focus here is on embedded liberalism's ability to increase public support for trade. Second, we present the article's argument in detail building upon Ehrlich's (2018) multidimensional theory of trade preferences. Specifically, we incorporate populist protectionism into the existing framework discussing how populist protectionism, traditional protectionism, and fair trade differ from each other and how each threatens support for trade in different ways. Additionally, we posit how the different dimensions relate to each other and when we should expect which threat to dominate. Third, although empirical data aimed at specifically identifying populist protectionism is currently non-existent, we present descriptive statistics from multiple surveys in the US that illustrate the relationship between populist and fair trade concerns before, during, and after economic crises and how each poses a unique threat to embedded liberalism. Fourth, we discuss the policy implications of the argument and how embedded liberalism can survive these multiple threats. We conclude by discussing avenues for future research building on this article and a call for improved survey questions to differentiate fair traders, traditional protectionists, and populist protectionists.

2. Embedded Liberalism and Trade Policy Preferences

Prior to the collapse of the international economy in the interwar period, many countries opted for policies that favored international, rather than domestic, economic stability. After World War II, the new international economic order realized that prioritizing international economic stability was fundamentally in contradiction to the needs of a domestically active state (Ruggie, 1982). An important puzzle thus became how states can embrace free trade policies and the benefits that come with them while maintaining domestic stability and citizen support. Standard economic theory shows that trade is beneficial in the aggregate but produces domestic winners and losers. Without state intervention to help those who are hurt, domestic stability and overall support for free trade could be diminished. Therefore, to alleviate domestic opposition to free trade, embedded liberalism argues for a compromise wherein policies are created to help those that have been hurt by trade.

The policies used to increase support for trade vary from country to country (Kolben, 2021). Oftentimes, particularly in Europe, there are few trade-specific policies. Rather, compensation is provided through general welfare and unemployment policies. In other countries, such as the US, compensation is provided primarily through targeted programs. Although our argument is general, the data we present below is only from the US, so we provide here more detail on how embedded liberalism works in the US. The primary policy compensating workers in the US is the Trade Adjustment Assistance, which was explicitly designed to reduce the negative effects of trade on those hurt by increased imports. This program mostly provides workers who have lost their jobs due to increased imports with extended unemployment services, job training, and relocation services. The Trade Adjustment Assistance's goal is to give workers the time and resources to find new jobs in industries not facing as much foreign competition. As Ehrlich (2010) finds, these compensation policies are very popular among those who believe trade will hurt their jobs, even more than general compensation programs are. Kim and Pelc (2021) also find that counties that received more Trade Adjustment Assistance help were less likely to support protectionist candidates in the future. Both studies and Kolben (2021) provide more detail on the history and practice of Trade Adjustment Assistance.

In addition to the above studies about the popularity and effect of compensation programs in the US, significant amounts of research have found empirical support for the embedded liberalism thesis. Cameron (1978) and Adsera and Boix (2002) found that increased economic openness is associated with larger government size, which often provides compensation to those hurt by trade. Rickard (2015) found that congressional voting in the US followed this compensation logic as well, with legislators who represent those hurt more likely to support trade when there is compensation. Lake and Millimet (2016) showed that members of Congress were more likely to vote in favor of free trade agreements if the expected redistribution put forth by embedded liberalism policies placated their constituents. Additionally, scholars have found that compensation increases public support for trade as shown by Burgoon (2012), Ehrlich and Hearn (2014), Hays et al. (2005), and Walter (2010).

Embedded liberalism only provides policymakers with tools to combat opposition to trade based on traditional economic protectionism. Most researchers do not believe this to be an issue because they usually assume that people exist along a single continuum from complete support of free trade to complete opposition and assume that all opponents to trade are protectionists. Recently, research has begun to question the assumption that trade preferences are generated primarily by economic factors, such as in Mansfield and Mutz (2009) who argued that personal economic concerns do not motivate trade policy preferences at all. They and others have posited that non-economic determinants of trade preferences such as nativism, cosmopolitanism, isolationism, and ethical concerns such as those

embodied in the fair trade movement influence trade policy preferences in addition to or instead of personal economic concerns. In an assessment of the shortcomings of embedded liberalism's compensation policies, Kolben (2021) offered many non-economic determinants for opposition to free trade, such as ideological preferences about who is deserving of welfare and compensation, preferences for protection rather than compensation, voter's inherent desire to work instead of receiving benefits, racial resentment, and individual identity as a consumer.

These studies continue to present a single dimension of trade policy preferences from complete support to complete opposition to trade. Ehrlich (2018) offers an explicitly multidimensional framework that claims individuals are motivated by both fair trade and economic concerns simultaneously and mentions that additional dimensions could also be added, which we do here by adding populist concerns, positing that individuals are motivated by some combination of these three different factors. We do not claim that these are the only factors that matter, nor that everyone is motivated by all three. We merely focus on them because they appear particularly salient and, in the case of populism, overlooked and because Ehrlich's (2018) framework already incorporates fair trade as an additional dimension. Fair trade has had many meanings over time and is currently most frequently associated with product labels denoting that goods were produced meeting certain labor and environmental norms. We follow Ehrlich (2018) in using an expansive definition of fair trade as the desire to restrict trade due to concerns over labor and environmental standards and human rights abuses within the trade partner. These restrictions can include labeling, but they can also be bans on imports made through abusive practices or revocation of free trade agreements with countries with low standards or other policies.

Fair traders do not resemble protectionists except in their shared opposition to free trade. Fair traders' opposition is not based on the effect trade will have on the domestic economy but instead on ethical or altruistic objections about the effect trade will have inside the trading partner on labor and environmental conditions and human rights. Those who support fair trade are different from those who support protection. Because of the jobs that tend to be hurt by trade in rich countries, protectionists tend to have lower incomes, less education, and tend to be on both the right and the left. Fair traders tend to have higher incomes and education levels and are overwhelmingly on the left. They differ on what types of limits to trade they support: Fair traders tend to oppose trade agreements with countries that have poor labor and environmental standards, while protectionists tend to oppose trade agreements with countries with competitive imports. Crucially, fair traders and protectionists differ in what policies can change their opinion on trade: Since fair traders' opposition to trade is not based on the threat to their jobs or the economy overall, promises to compensate those harmed by trade are unlikely to sway them (Ehrlich, 2018). Hence, embedded liberalism is unlikely to be effective in building support for trade if the opposition is fair trade.

The story about trade policy preferences becomes more complicated when the economy worsens. As noted by Hainmueller and Hiscox (2006), fears about the distributional effects of trade can cause a backlash against globalization, especially among less educated and blue-collar workers. Margalit (2012) expands upon these anxieties towards globalization and economic integration, showing how cultural threat becomes an important factor for many individuals. In this scenario, less-educated individuals tend to view economic integration negatively not only because of economic loss but because of a perceived broader change in these individuals' cultural identity. He found these anxieties hold across geographical regions as well as levels of economic development in cross-national survey data. During the Great Recession, Mansfield et al. (2019) found a modest yet statistically significant decline in support for free trade among Americans, some of which was caused by a rise in ethnocentrism and isolationist foreign policy preferences.

Related to this research on the state of the economy, several studies have examined whether worsening economic conditions and openness to trade explain increased populism. Milner (2021) found that exposure to trade leads to more support for extreme right and populist parties and, importantly, that embedded liberalism compensation policies seem unable to counter this trend. Similarly, Abou-Chadi and Kurer (2021) showed that economic pressure among households with high-risk individuals increased support for radical-right populist parties in Europe. Colantone and Stanig (2018) found that increased imports, particularly from China, lead to increased support for "economic nationalism" though Margalit (2019) suggests these effects should be short-lived. Norris and Inglehart (2019) also find that economic insecurity increases the amount of populist authoritarianism, although, as discussed below, they mean something different by this concept than we do by populism. Regardless, there is clear evidence economic insecurity increases support for populism, although there are still questions about the size and duration of the effect.

However, even if globalization and economic insecurity contribute to increases in populism, once populist attitudes have been activated, the opposition to trade is no longer about economic insecurity but rather by cultural attitudes, as Norris and Inglehart (2019) focus on. More compensation policies, or more general policies to increase economic growth and reduce economic inequality, may prevent populism from becoming strong in the first place or even reverse populism's growth, but they do not directly address the concerns populists have about trade which are non-economic. We explain this in more detail in the next section.

3. Multidimensional Trade Policy Preferences, Populism, and Fair Trade

Summarizing the discussion above, trade policy preferences are typically viewed as existing along a single dimension, running from complete support for free trade to complete opposition to it. Further, this opposition is usually viewed as being based on economic concerns about the effects of trade. Even those studies, such as Mansfield and Mutz (2009), that argue trade opposition is not generated by personal economic concerns still consider all opposition to trade as similar and preferences falling along a single dimension. Ehrlich (2018) argues that trade policy preferences are multidimensional and add an ethical dimension to the economic one to explain fair trade opposition to trade. We argue that a third dimension can be added based on populist opposition to trade which differs from both traditional economic protectionism and fair trade.

Traditional protectionism is about protecting jobs or domestic companies from imports, while populist protectionism is motivated less by economic concerns and more by political and cultural concerns. Populism is a complicated concept, as described in detail in Mudde (2007) and Norris and Inglehart (2019). One of the main elements of populism is an anti-elitist and anti-establishment view that holds existing elites in government and elsewhere do not have the best interests of "the people" and that power should be returned to "the people." This part of our definition of populism is akin to Norris and Inglehart's (2019, p. 66) discussion of how populism is a "rhetorical style of communication" focusing on how authority derives from the people and how existing powerholders are corrupt. We depart from Norris and Inglehart (2019) in two important ways. First, we focus on populist attitudes regardless of any linkage to authoritarian attitudes, whereas they explicitly link them. Second, we focus on a particular brand of populism, or a "second order principle" (Norris & Inglehart, 2019, p. 4): nativism. Populism often has an exclusionary definition of the people where only citizens (or subsets of citizens) are part of the people in a country, and government should focus on benefitting them. As a result, populist movements tend to be isolationist and anti-immigration and are often, though not always, xenophobic and racist. This nativist feature of populism is our focus because it is the singular focus on domestic concerns and domestic interests that often leads populists to become isolationists and protectionists. Isolationism can lead to a desire to avoid international organizations and commitments, like the WTO or trade agreements, or a desire to avoid international economic relationships more broadly. A distaste for foreign influences can lead to a desire not to import goods from abroad. Additionally, a view that "the people" must be protected can lead to support for tariffs and other trade restrictions to protect local jobs against foreign competition. Anti-establishment parties need not be protectionist, but nativist parties almost always are. Thus, though it is a simplification, our use of populist protectionism is mostly a synonym for nativist protectionism. The third populist dimension of trade policy preferences we introduce here has nativism at one end of the dimension and cosmopolitanism at the other end. For our definition of cosmopolitanism, we mean something similar to Mansfield and Mutz (2009), specifically that a cosmopolitan viewpoint entails a positive attitude towards out-groups and internationalism.

Although there are elements of economic protection in populist protectionism, there are also key differences between traditional and populist protectionism. For instance, at its extreme, a populist protectionist would oppose imports even if no domestic industries were producing those products, while a traditional protectionist would not view such imports as a threat. Further, those favoring populist protectionism often exhibit concerns entrenched in inter-group competition that result in policy opinions favoring relative gains over out-groups, even if these policies result in less absolute gains for the in-group (Mutz & Kim, 2017).

Xenophobia, inter-group competition, and the perceived loss by those in the US when it comes to trade were found to be extremely prevalent among supporters of Donald Trump, with roughly two-thirds of Trump supporters believing international trade takes away US jobs (Blendon et al., 2017). The rise of Donald Trump's brand of populist protectionism did attract those who may have held anti-trade tendencies, to begin with, but it also may have caused those who had xenophobic attitudes to connect their grievances to trade. For example, previous work has argued that Trump supporters who feel as if their racial dominance is being threatened or view America's global dominance as declining sometimes blamed economic openness for this decline, but others only connected this to trade once Trump's populist rhetoric of America losing to other countries gained a foothold (Essig et al., 2021).

Adding this third populist dimension to Ehrlich's economic and ethical dimensions would yield an unwieldy eight different trade policy orientations. If we collapse Ehrlich's (2018) pure protectionists and anti-traders into one category of "protectionists," as he often does, we still have six possible orientations: cosmopolitan and populist free traders; cosmopolitan and populist fair traders; and cosmopolitan and populist protectionists, with cosmopolitan protectionists essentially being traditional protectionists. However, as opposed to the economic and ethical dimensions of Ehrlich (2018), it seems unlikely that this third dimension is completely independent of the other two. Where you fall on the other two dimensions likely influences where you fall on the third one. For instance, fair traders are, by their very nature, concerned with people in other countries. It would be difficult for them not to be at least somewhat cosmopolitan, so we rule out the category of populist fair traders.

Populist free traders, on the other hand, could exist. One can support free trade because one believes that increased exports and cheaper consumer goods are good for the country's economy and not because of any preference for foreign goods or concerns about the global economy. However, existing research on the determinants of support for free trade shows that cosmopolitanism is one of the more consistent predictors of support for free trade (Hainmueller & Hiscox, 2006). Therefore, although populist free traders might exist, we assume they are too few to be of interest here. As a result, adding this third populist dimension only yields one additional trade policy orientation over the three Ehrlich (2018) usually focuses on by splitting protectionists into the two different orientations of traditional and populist protectionists.

In summary, this multidimensional trade policy preference model predicts four different categories of preferences listed as Table 1 shows. Free traders support expanded trade and oppose any limitations on trade. Traditional protectionists oppose expanding trade when it might hurt domestic jobs and support limits to trade that will benefit domestic workers. Fair traders oppose trade with countries with weak labor and environmental standards and favor restricting trade with such countries. Populist protectionists oppose trade of all sorts and want policies that promote domestic production and domestic interests more broadly. Individuals can have multiple reasons to oppose trade, so there will be overlap in the last three categories, but there will also be individuals who fall into only one of these three categories.

The analysis so far has been static: What are the categories of trade policy preferences at any given point in time? We are also interested in the dynamics of trade policy preferences: How does the size and composition of these categories change over time? When the economy worsens, we would expect material concerns to increase, so traditional protectionism should certainly increase. But populist protectionism, despite being motivated by non-economic concerns, might also be expected to increase due to poor economic conditions triggering anxieties that could cause increased nativism.

Existing research shows that support for protectionism increases as the economy weakens. This opposition can be mitigated by embedded liberalism policies, so if economic downturns are met with countercyclical policies, this does not pose an existential threat to embedded liberalism. The possibility that economic downturns also lead to increased populist opposition to free trade is more worrisome for embedded liberalism as there is no known policy response to counter populist protectionism.

How might support for fair trade change during economic downturns? Fair trade is a post-materialist attitude and possibly an expression of altruism. When material needs are threatened, some people will curtail or abandon their post-materialist and altruistic beliefs and behaviors. Inglehart (1981) argues that material needs being met are a prerequisite for post-materialist attitudes to increase in a country. Although he focuses on long-term trends, his logic suggests there should be variation as economic conditions change. Additionally, previous studies (Meer et al., 2017) have found charitable giving declined sharply during the Great Recession in 2008 and did not recover until 2014 (Brooks, 2018). Even though there is a greater need for charity during economic downturns, it appears most people respond by looking out for their own concerns. To the extent that fair trade is a form of altruism akin to charity, we would expect fair trade concerns to have similarly declined during this time frame as fair traders worried less about conditions abroad and more about their own personal or national economic conditions.

We expect both traditional and populist protectionism to increase as the economy worsens and for free trade and fair trade support to decrease. Most

Table 1. Attributes and expectations of different trade orientations.

Type	Ideology	Income	Education	Strong Economy	Weak Economy
Free Trader	Conservative	Wealthy	High Education	Expanded Trade: No Limitations	Less Support for Free Trade: Possible Switch to Traditional Protectionism
Fair Trader	Liberal	Wealthy	High Education	Ethical Limitations on Trade	Ethical Concerns Less Important: Possible Switch to Free Trade or Traditional Protectionism
Traditional Protectionist	Either	Less Wealthy	Less Education	Protection for Domestic Workers	Heightened Protection for Domestic Workers
Populist Protectionist	Mostly Conservative	Least Wealthy	Less Education	Oppose all Trade	Oppose all Trade

new populist protectionists were likely previously traditional protectionists (and may remain traditional protectionists in addition to their populism.) We would not expect many fair traders to become populist protectionists because of their opposite worldviews. Some free traders may become populists if they still believe that free trade is good economically but oppose the outside cultural influences of trade. But most free traders and fair traders who switch policy preferences are likely to become traditional protectionists, as they focus more on how imports might be hurting domestic jobs rather than focusing on conditions in other countries or cheaper consumer prices. Lastly, some fair traders might become free traders if they believe that trade is good for the economy and decide that concerns about conditions in other countries are a luxury they can't afford with a weak economy.

As Ehrlich (2018) discussed, fair traders tend to be liberal, wealthy, and educated; free traders tend to be conservative, wealthy, and educated; and protectionists tend to be less wealthy, less educated, and of either ideology. During economic downturns, these tendencies are likely to be reinforced: poorer and less well-educated fair traders and free traders are both likely to switch to protectionism. Among protectionists, we would expect conservatives to be more likely to become populist protectionists, at least in the current populist wave.

During the period of populism's rise in the US and Europe, the economies of the various countries were mostly growing, raising questions about the extent to which populism was a response to an economic crisis. In the US case, there is already literature debating the rise of Trump, with many arguing that it had nothing to do with economic insecurity but rather with racism (Mutz, 2018). We do not dispute this element of Trumpism, but we do note that Trump chose to harness nativism and racism to a populist economic message instead of other possible frames. In Europe, Carreras et al. (2019) find that economic anxiety and nativism worked together to lead to Brexit support. For many, economic concerns remained despite the recovery from the global financial crisis as growth was slow and unevenly distributed. Certainly, there was enough economic anxiety that opportunistic politicians could use it to fuel populism.

Previous research suggests that foreign policy opinions are often generated through both social cues and a top–down process driven by the media and elites (Kertzer & Zeitzoff, 2017). What might matter then is party messaging rather than objective economic conditions. The Trump 2016 campaign and the Brexit campaign were both based on populist messages about the national economy being under threat from foreign influences. Even though the economy may have been doing well at the time, people were confronted with messages that they should be concerned about the state of the economy. Thus, even though the US economy in 2020 was worse than it was in 2016, populist protectionism might be expected to be lower given that the Trump campaign focused on other issues and trade policy disappeared almost entirely from the debate. The 2020 campaign focused more on Covid, impeachment, charges of socialism against Biden, and Antifa, few of which would likely prime people to take populist positions on trade.

In summary, support for free trade and fair trade should decrease during poor economic times and other crises while support for protectionism of either flavor will increase. When campaigns emphasize populist issues, populist protectionism should increase at the expense of both free trade and traditional protectionist support. People with lower income and education levels are the most likely to become populist protectionists during all these periods.

4. Descriptive Statistics

The descriptive statistics from public opinion data on trade policy preferences bear out these expectations, although we leave it to future work to examine this more rigorously. The biggest problem with testing the arguments put forward here is that no one has measured populist protectionism before since no one has thought of it as distinct from traditional protectionism. There are rarely direct questions about who a populist is, and none we are aware of in a survey with trade policy questions as well, so we cannot directly determine what type of trade policies populists support. The descriptive statistics here are indirect and show instead what happens to support for other trade policy preference types when populism is on the rise or when the economy is weak. These results, we argue, demonstrate the plausibility of the concepts presented here and call for future research on the issue.

As discussed above, existing research demonstrates the effects of economic decline on support for free trade and traditional protectionism. Ehrlich (2018, p. 70) shows similar patterns when including fair trade preferences. He examined surveys from 2006, 2008, and 2012, thus having data on when the economy was strong, during a crisis, and when it had somewhat recovered. In 2006, during good economic times, about 30% of the population supported free trade, and another 30% supported fair trade, with about 40% supporting protectionism. In 2008 free trade support had dropped slightly to 27%, while fair trade support dropped to 20%, with protectionists making up about half of the sample. In 2012, despite the improved economy, support for protectionism increased again by about 2%, drawing from both free trade and fair trade support, suggesting that the economic anxiety caused by the 2008 crisis lingered. The increase in support for protectionism was most pronounced among conservatives with lower levels of education and income (Ehrlich, 2018, p. 78), the population most likely to be populists. This supports our expectation that as the economy worsens, populists who had supported free or fair trade are more likely to become protectionists of some type (and, especially, populist protectionists).

More recent survey data shows what happens during populist periods. We depart from Ehrlich (2018) and substitute party identification for ideology because we are examining opinion during an election context where partisan effects should be especially salient. Trump's 2016 campaign was heavily based on populism, with previous research finding that Trump supporters became increasingly protectionist due to campaign messaging (Essig et al., 2021). Additionally, 2016 saw uneven economic growth throughout the country, with many areas that were especially susceptible to Trump's populist message suffering more than others (Schneider, 2019). We argue above that embedded liberalism's compensation policies, while aimed at alleviating traditional protectionism, lack a sufficient response to populist protectionism. Our results also demonstrate this: Figure 1 shows results from a panel of respondents in the 2016 American National Election Studies (ANES, 2017) survey. Republicans were the least likely to support free trade, with only 33.1% in favor, and the most likely to oppose trade, with 23.6% of respondents in opposition. This offers descriptive evidence that as the Trump campaign highlighted grievances brought on by trade along with perceptions of a weakening economy, attitudes towards trade soured, even among those who had been the traditional stalwarts of free trade policies.

Further, the breakdown of which Republicans were protectionists follows traditional results born out in previous research (Mansfield & Mutz, 2009). More educated Republicans showed more support for free trade, as shown in Figure 2, with only Republicans in the Some College category having more opposition to free trade (N = 80) than supporters (N = 68). To the extent that the ANES survey question on trade is measuring both traditional and populist protectionism, it is exactly in lower education categories that we would expect to see the most Republican protectionists. Surprisingly, income played less of a role than previous research would expect, as shown in Figure 3. Rich and poor Republicans were similar on trade attitudes, with middle-income Republicans the most likely to oppose trade.

In line with Trump's populist rhetoric around trade in 2016 and our expectation of policy preferences in times of real or perceived economic crisis, Republicans in the panel who believed that the economy was doing poorly were the most likely to oppose free trade, as shown in Figure 4. These results line up with our theoretical expectations regarding a worsening economy, or the perception of such, and the adoption of populist positions leading to more protectionist attitudes. For Republicans who thought the economy was worse than the previous year, 30.4% opposed free trade, while only 27% supported it. Conversely, Republicans with positive economic perceptions showed 41.8% favorability towards free trade, with only 9.9% opposing trade. In short, Trump's 2016 campaign created a narrative of a worsening economy hurt by international trade, in tandem with uneven economic growth across the country, which resulted in a populist message swaying former free traders into the protectionist camp while also emboldening those with non-economic grievances to oppose trade.

By 2020, the Trump campaign changed its focus to matters other than trade, such as their response to the Covid pandemic. As a result of the change in rhetoric, trade policy preferences for Republicans reverted to pre-Trump patterns, with a drop in opposition to free trade and over a 10% increase in support for trade from the ANES panel respondents. As shown in Figure 5, opposition to trade decreased across party lines, with Republican opposition to trade decreasing from 23.6% in 2016 to 12.9% in 2020, along with only 7.4% of Democrats and 8.4% of Independents opposing trade.

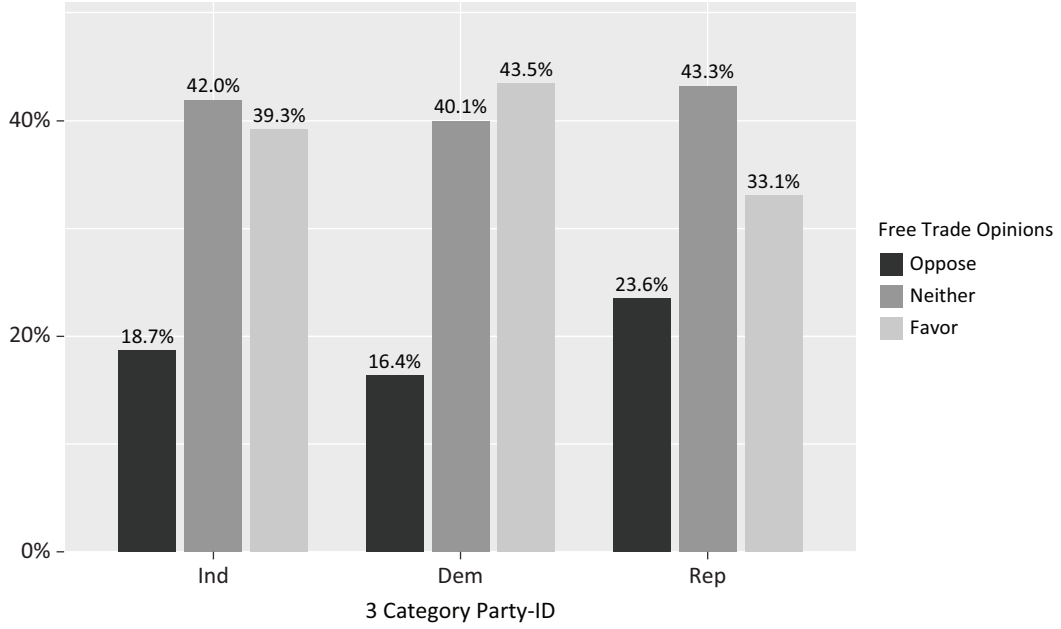

Figure 1. Party ID and support for free trade. Author's own calculations based on ANES (2017).

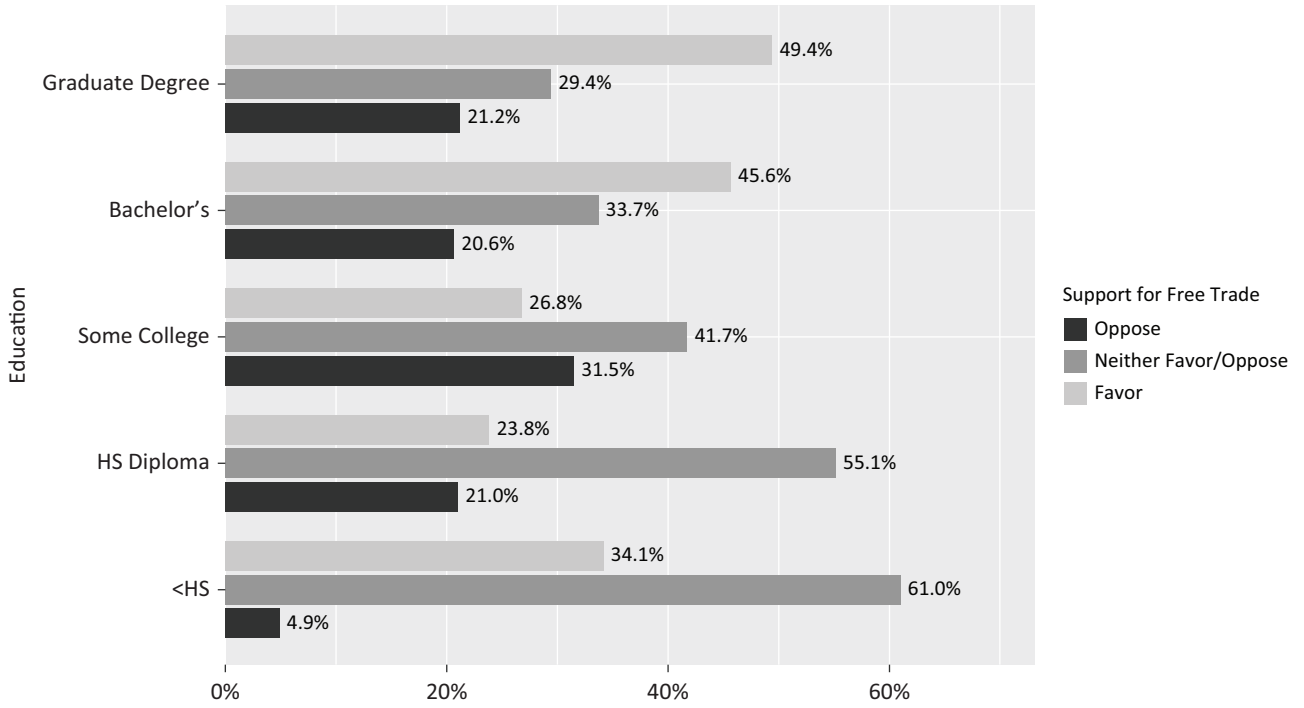

Figure 2. Support for free trade among Republicans by education. Author's own calculations based on ANES (2017).

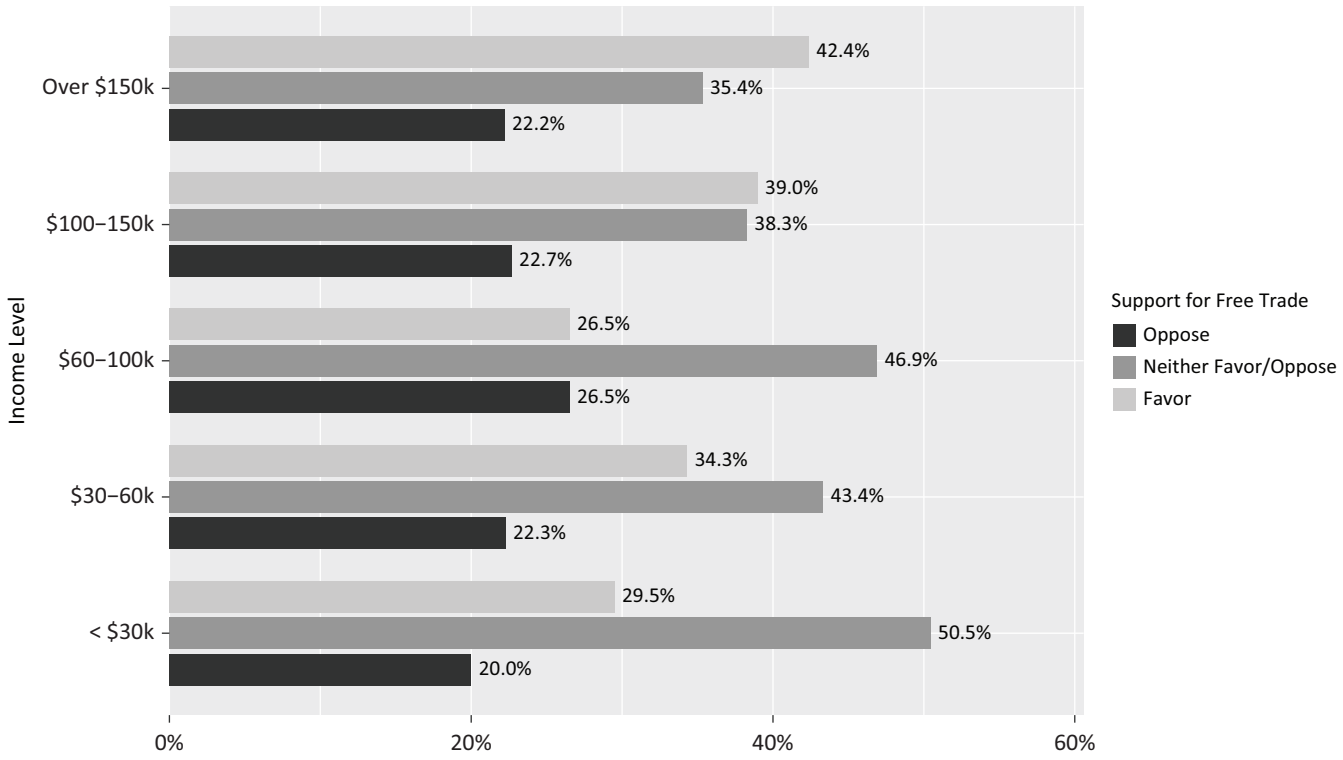

Figure 3. Support for free trade among Republicans by income level. Author's own calculations based on ANES (2017).

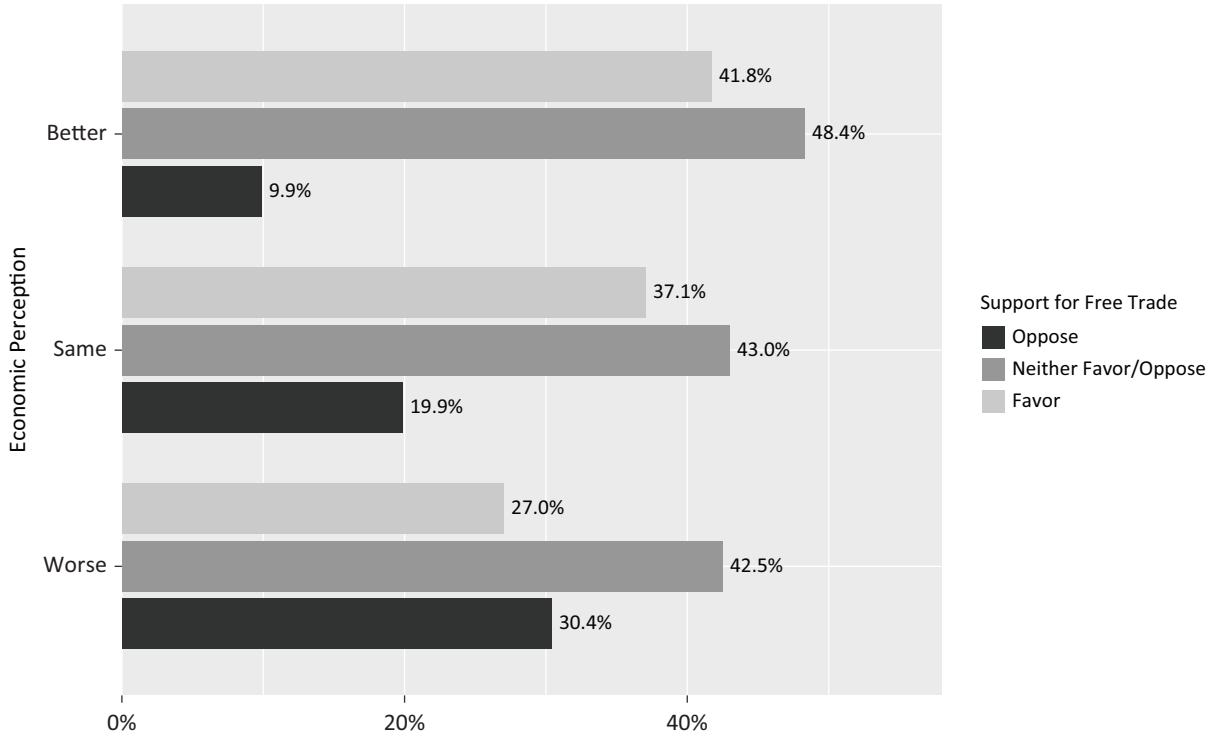

Figure 4. Support for free trade and economic perceptions among Republicans. Author's own calculations based on ANES (2017).

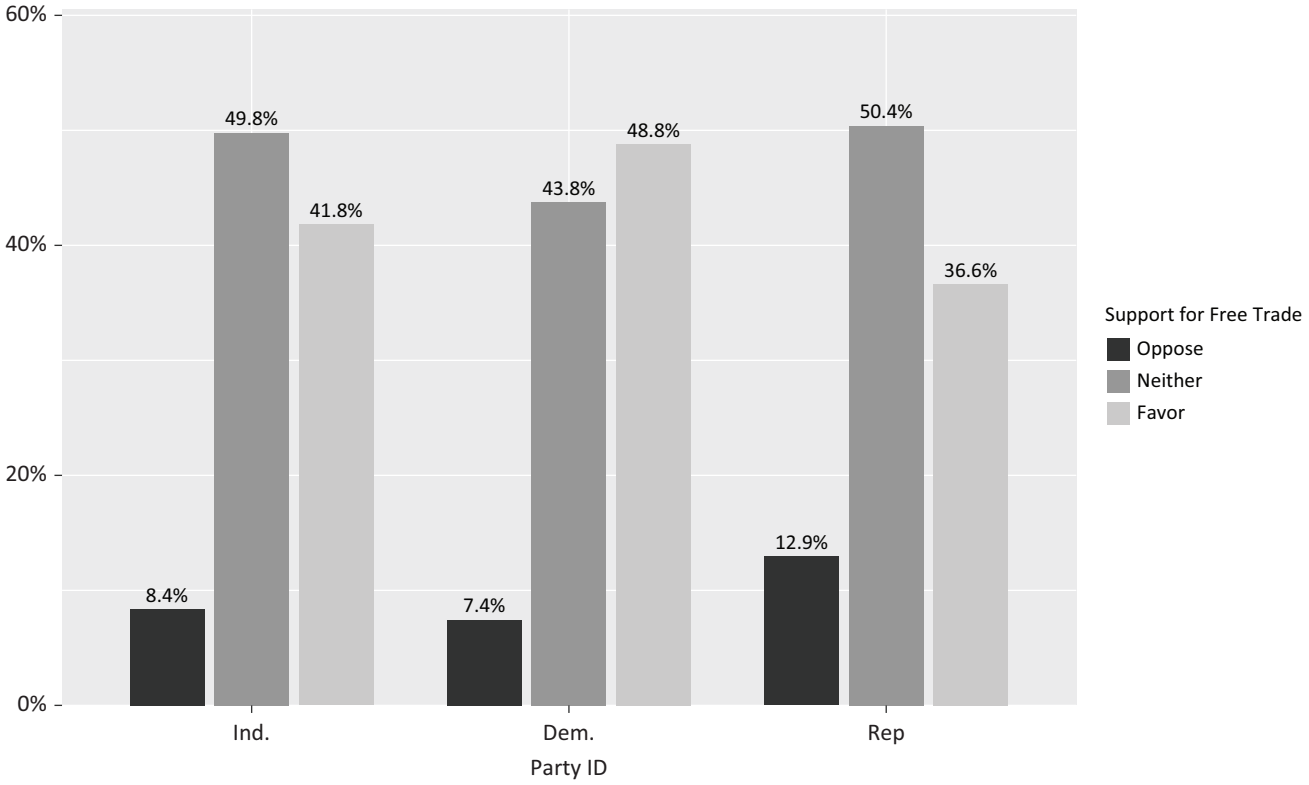

Figure 5. Party ID and support for free trade. Author's own calculations based on ANES (2021).

This return to stronger support for free trade among Republicans falls in line with the literature on traditional trade preferences when the economy improves. However, according to the US Bureau of Economic Analysis (BEA, 2022), many states that Trump won in 2020 suffered worse economic outcomes during the 2019–2020 period when compared to 2018–2019, undoubtedly due to the Covid-19 pandemic. As an example, according to BEA, the US state of Florida's compound annual growth rate was 5.2% during the period 2012–2016. During the 2016–2020 period this growth rate shrunk to 4% (BEA, 2022), with similar results found in many of the states Trump won in both 2016 and 2020. If economic downturns were the sole cause of increased protectionism, we would expect opposition to trade to increase for the panel respondents in 2020, yet this is not the case. We argue this is because of the decrease in populist rhetoric rather than policy preferences changing based on economic outcomes.

Looking deeper at Republican respondents, we see when examining across education levels opposition to trade decreased in nearly all categories in 2020. As expected from previous literature on trade policy preferences as well as our theory on who is most likely to be a populist protectionist, only Republicans without a high school diploma saw an increase in opposition to trade, although the sample size in this category is small. Interestingly, 2020 Republicans with a bachelor's degree were less supportive of free trade than those in 2016, garnering 41.6% support in 2020, as shown in Figure 6, compared to 45.6% in 2016, although they were also less likely to openly oppose free trade.

The decrease in opposition to free trade continued across nearly all income brackets for Republicans in 2020, as shown in Figure 7, although this did not always translate to more support for free trade. While support for free trade increased for those making between $30,000–$150,000, respondents making over $150,000 had less support for free trade than those in 2016, with 40.6% of respondents in favor of free trade in 2020 compared to 42.4% in 2016.

The 2016 and 2020 ANES surveys presented here included panel data of 2,595 respondents in the 2016 survey who were questioned again in 2020. We, therefore, have data on how people's trade preferences changed over these four years. Specifically, we can see the change in those who opposed free trade in 2016 and flipped to supporting free trade in 2020, as shown in Figure 8. Looking at the first set of columns on the left side of the x-axis, we see nearly 31% of those who opposed free trade in 2016 switched to supporting free trade in 2020. Additionally, a majority (50.2%) of respondents who actively opposed free trade in 2016 transitioned to the Neither Favor/Oppose opinion in 2020. As Trump's re-election campaign focused on other issues, trade took on less salience and therefore garnered less outright opposition even though the economy was experiencing a sharp decline. Specifically, only 19% of respondents who opposed free trade in 2016 still held the same opinion in 2020. Despite a worsening economy, without a populist message from the campaign, opposition to trade decreased. Our arguments suggest this is likely because populist protectionism, and not traditional protectionism, decreased.

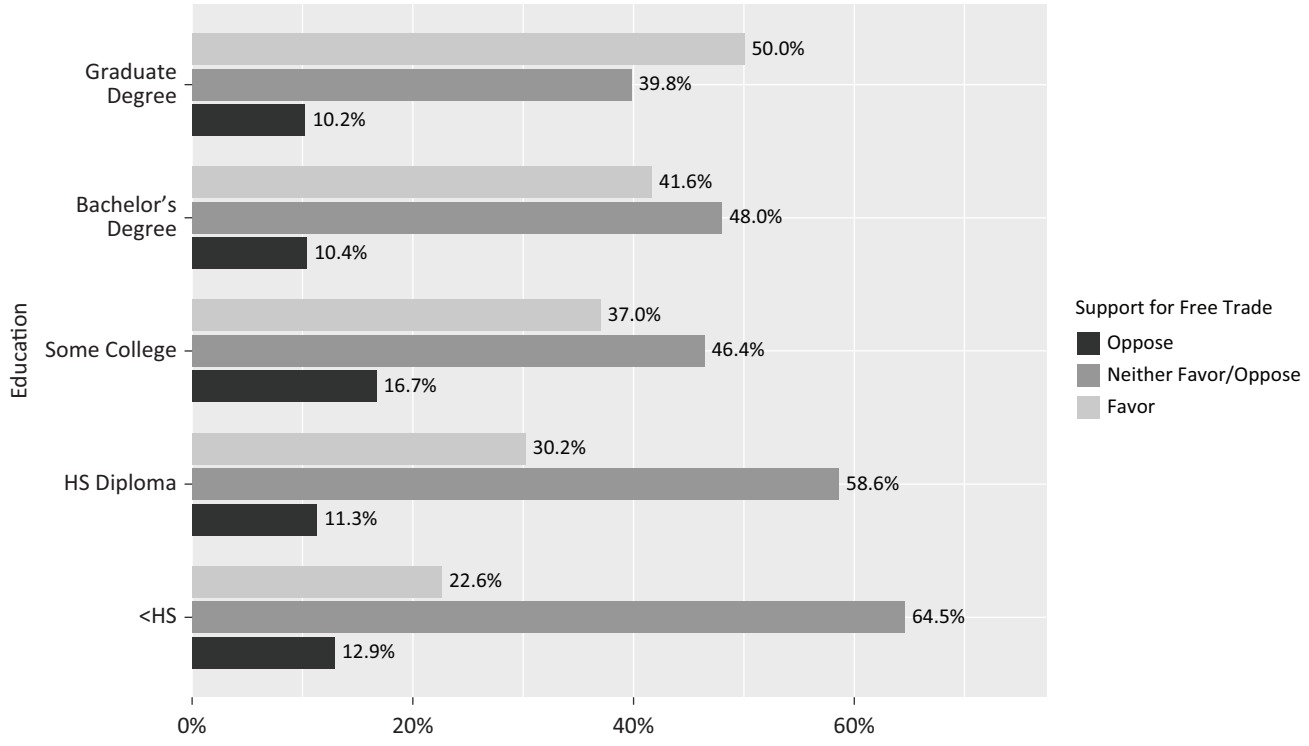

Figure 6. Support for free trade among 2020 Republicans by education. Author's own calculations based on ANES (2021).

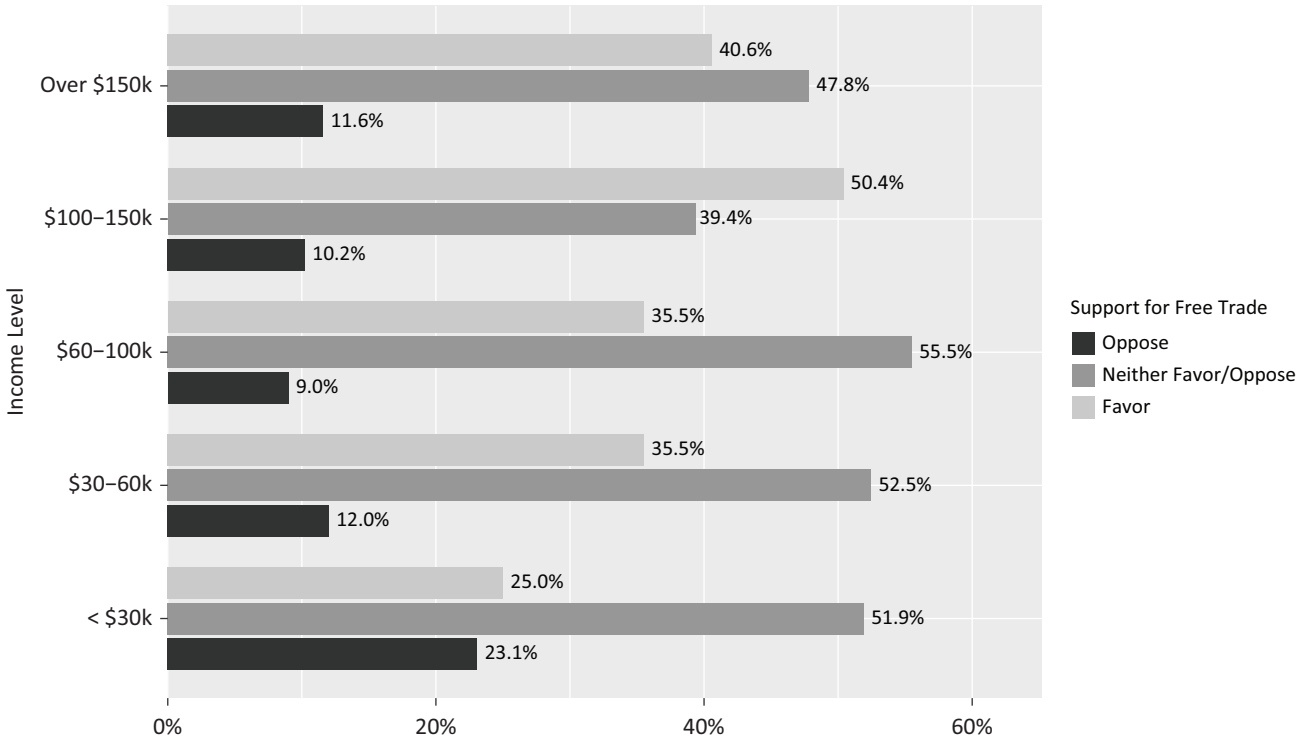

Figure 7. Support for free trade among 2020 Republicans by income level. Author's own calculations based on ANES (2021).

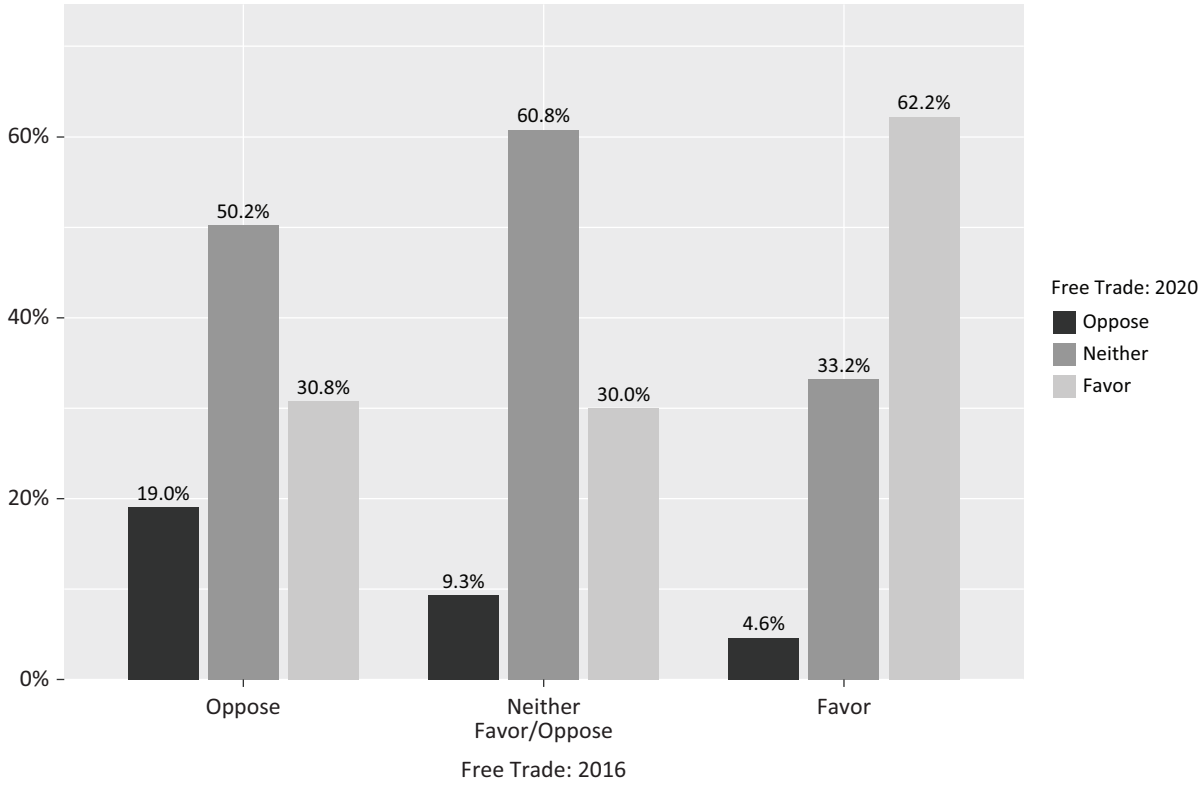

Figure 8. Support for free trade among ANES panel respondents. Author's own calculations based on ANES (2017, 2021).

5. Policy Implications

There is widespread consensus about how to respond to traditional protectionism: compensation as suggested by embedded liberalism. As the economy worsens and traditional protection rises, compensation can increase to offset this. Economic downturns might make it more difficult for countries to provide the budget for this compensation, and countries that adopt a pro-cyclical policy and implement austerity measures might decrease compensation during economic downturns. However, this is a choice, a bet that such austerity policies will improve the economy in the long term and reduce protectionist demands. Thus, even though there is debate about whether to implement compensation programs, it is widely believed that these programs are successful in reducing traditional protectionism.

We have no such consensus on policies that can reduce populist protectionism or fair trade opposition. Ehrlich (2018) provides some suggestions for fair trade opposition. Specifically, he suggests that free trade advocates either focus on expanding trade with countries that have strong labor and environmental standards or include enforceable standards in trade agreements with countries that have low standards. These types of agreements seem to improve standards in poorer countries (Hafner-Burton, 2010), so fair traders should prefer them over banning trade with these countries.

We do not even have this much for populist protectionism. As mentioned above, compensation is unlikely to be effective in reducing nativist-based populist opposition. The concern of these populists is more fundamental than imports competing with domestic products hurt the domestic economy. Rather, they are concerned that foreign influence is corruptive of domestic society and culture. Compensating those materially harmed by trade does not address this cultural harm. Indeed, part of the problem here is that opposition to trade based on nativism does not seem amenable to increasing support for trade. As opposed to traditional protectionism and fair trade, the opposition here is not about the negative effects of trade but foreign trade itself. This is what makes populist protectionism a unique threat to free trade and embedded liberalism. Perhaps focusing on trade agreements with countries that have similar cultures will assuage some populist protectionists, but this is uncertain and limits the scope of potential expanded trade. Likely, the best response is to ignore the direct threat of populist protectionism by focusing on increasing support from other groups. Thus, free traders should double down on the compensation policies inherent to embedded liberalism while also addressing fair traders' concerns. The more people who support trade from these groups, the less of a threat populist protectionism will be.

In addition, free traders could focus on reducing the amount of populism. As a first cut, we highlight here some of Norris and Inglehart's (2019, pp. 461–465) solutions for addressing populist authoritarianism. First, free traders can address the underlying economic issues that can lead to increases in populism, such as improving the overall economy of the country and reducing economic inequality. Second, they can address issues that lead to cultural anxiety, perhaps by limiting immigration. However, while this approach might increase support for trade, it only does so by sacrificing another common element of liberalism, the free movement of people. We, therefore, believe the first approach is the better approach for those pursuing embedded liberalism, especially since robust compensation policies themselves can reduce economic inequality. In sum, though we are not sure populist protectionists can be convinced to support trade, increasing support for trade among traditional protectionists and fair traders and reducing the number of populists by improving the economy and reducing economic inequality might indirectly defang populist protectionism's threat to embedded liberalism.

6. Conclusion

In this article, we argued that populist protectionism and fair trade are both distinct forms of opposition to trade separate from traditional economic protectionism. When the economy worsens or people face economic insecurity, populist protectionism is likely to rise, especially if there are ongoing populist campaigns. Neither fair trade nor populist protectionism can be addressed through compensation, putting the compromise of embedded liberalism at risk. While potential tools may exist to address fair trade opposition, none are available to address populist protection directly.

Our arguments relate to the literature on embedded liberalism, trade policy preferences more broadly, and the rise of populism. With regards to trade policy preferences, we build on the work of Ehrlich (2018) by showing how additional dimensions can be added to his multidimensional trade policy preference theory. We also contribute to the debate about economic vs. non-economic influences on trade policy preferences begun by Mansfield and Mutz (2009), essentially by arguing that both matter but for different people. We also contribute to the literature investigating populism's recent rise, such as Norris and Inglehart (2019), by discussing how populism can influence specific policy preferences and may lead to changing policies and politics even when it does not undermine democracy.

Mostly, though, we hope this article serves as a call to arms, both to policymakers to counter this threat to embedded liberalism and academics to further study the phenomenon of populist protectionism. While populism, xenophobia, and trade policy preferences have been studied before, we always assumed opposition to trade resulting from populism to be the same as economic protectionism. To the extent that it is motivated by xenophobia and nativism, this assumption is incorrect and dangerous if we hope to understand why

people oppose trade and how to address that opposition. We presented descriptive statistics that shows support for fair trade and free trade both reduce during economic crises and populist campaigns, but we could not rigorously test our arguments on the difference between populist protectionism and traditional protectionism because no one has ever conducted surveys that include questions with wording that could distinguish them. Although our data relies solely on US respondents, we do not think this is strictly a US phenomenon. Since 2020, many populist parties have seen increased vote shares in multiple European elections, such as Italy and Sweden (Silver, 2022), with Giorgia Meloni of the far-right Italian populist party Brothers of Italy recently becoming Prime Minister. In addition to entrenched populist leaders such as Hungary's Viktor Orban, or Turkey's Recep Tayyip Erdoğan, populist sentiment appears to be on the rise throughout much of the world. We believe future research is needed to identify who populist protectionists are before additional research on how to address their concerns and what threat they pose to embedded liberalism can be conducted, in addition to testing whether these trends hold outside of the US. Once this is done, we can assess the complete danger to embedded liberalism posed by fair trade, populism, and economic protectionism combined.

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Conflict of Interests

The authors declare no conflicts of interest.

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