

# CONNECTING PEOPLE WITH INTERNATIONAL TRADE

## SUMMARY FINDINGS AND RECOMMENDATIONS FROM NATIONWIDE LISTENING TOUR

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# Letter from Listening for America



## From: Catherine A. Novelli, Listening for America President

Three years ago, I started discussing the idea of finding out what people outside the Washington DC Beltway from all walks of life thought about international trade and globalization. It had become clear to me when I traversed the country as Under Secretary of State for Economic Growth, Energy and the Environment that there was a large disconnect between policy makers in Washington and everyone else. I talked with international trade experts from both political parties, academics, and colleagues who had nothing to do with trade, but were worried about the state of discourse in the United States. I was uniformly and enthusiastically encouraged to launch Listening for America.

This report is the outgrowth of two years of informal listening sessions and focus groups. I found that whatever preconceived ideas I had when I visited one of the 39 cities that we went to were not at all what I found when we actually talked with people. Most of the time the “conventional wisdom” of the pundits on these issues, for example, that “globalization” was seen as a bad thing, did not pan out in our conversations. We found people recognized the possibilities that globalization could bring and understood that the issues surrounding international trade were complex and often had questions about how to understand all that was happening. We also found cities that embraced the opportunities of globalization as part of their economic development strategy and were thriving. We also found cities that were struggling to find their place in the domestic and global economy.

We have attempted to not just distill what we heard, but also to suggest some recommendations for how to pursue a policy framework that will tangibly benefit Americans. Through the focus groups we conducted, the participants developed a narrative about international trade and globalization that resonated with them—reflecting the complexities and the issues that still need to be tackled.

Listening for America could not have happened without the sage advice of some of the truly eminent practitioners of international trade policy, who consented to be our Board of Advisors—Grant Aldonis, Former UnderSecretary of Commerce; Ambassador Peter Allgeier, Former Deputy U.S. Trade Representative; Rod Ludema, Former Chief Economist of the U.S. Department of State; Ambassador Charles Reis, Former Vice President for International at RAND Corporation; and Bruce Stokes, Former Head of International Trade at PEW and Trade Columnist for the National Journal. Thank you.

We owe an incalculable debt of gratitude to those who volunteered their time to conduct the informal listening sessions and observe the focus groups, most especially Kira Alvarez, who rolled up her sleeves and allowed us to go into each city and state very informed about the economic situation there. Thanks also to Ned Saums, Kathy Heetderks and Liz Jaeger each of whom helped build out robust schedules of meetings. Thanks to our incredible Board of Directors who provided perspective, advice and encouragement: Katrin Kuhlmann, Ann Martin, Sabeen Malik and Kira Alvarez. And special thanks to Phil Roos and GrowthWorks who conducted our focus groups with creativity and clarity and who continued to find a way for us to operate safely during COVID.

Let the listening continue!

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# LISTENING FOR AMERICA'S LISTENING TOUR

## INTRODUCTION

A high school teacher, neuroscience researcher, executive manager, and junior in college all sit down to have a conversation about international trade and globalization. Politically, the group consists of two republicans, a left-leaning independent, and a democrat. Geographically, one lives rurally, another comes from a suburban area, and two reside in urban cities. Some have a solid understanding of trade and the global economy, while others have not spent much time, if any, thinking about it. What could these seemingly quite different people have in common when it comes to their beliefs on international trade policy and what it ought to achieve for them and the US? The answer to that question and more is what the Listening Tour set out to solve for by bringing together and listening to a diversity of individuals across the United States.

In both group and one-on-one conversations, researchers and trade experts listened as participants, representing a broad swath of the US population, answered questions such as:

- What do you consider to be the top issues facing the US and where does trade rank in that list?
- How does trade affect you, your community, your organization(s), and your region?
- To improve trade, what barriers need to be overcome?
- What are the benefits of trade?
- What problems with trade need to be addressed?
- How should we talk about trade?

Their answers to these questions and more provide deep insight into how US international trade policy can be improved. Additionally, this work has implications for ways those who develop and negotiate the policies can strengthen their collaboration and public engagement. Ultimately, the culmination of these discussions provides a consensus message about US trade, including its benefits, issues, and possible solutions, that has the potential for broad public support. Regardless of occupation, political affiliation, age, geography, or any other identifier, it comes down to this: trade impacts everyone, so everyone ought to have a say in the matter.

# EXECUTIVE SUMMARY

## BACKGROUND

The dynamics of the U.S. economy are continuing to evolve as a result of technological advances and continued globalization. The 70-year political consensus in the United States that open trade and investment policies would provide the most benefit to the country and its people is now frayed. Some have benefitted greatly from these past policies and others have not. At present, there is **no publicly-supported consensus on what U.S. trade and investment policy should look like**. A new consensus on the elements of U.S. trade and investment policy that will benefit Americans and secure the nation's future must be built and take into account input from the public and reflect the economic development objectives of our cities and regions.

Listening for America is a non-partisan non-profit organization dedicated to developing trade policy that is publicly supported. The organization is guided by a board of eminent U.S. leaders in the area of international trade and investment. The following report details the work of their Listening Tour spanning 2018 - 2020.

## WHERE WE WENT & WHAT WE DID

To engage in conversations about trade with people living across the urban-rural spectrum, a team of researchers and international trade experts traveled around the contiguous United States to listen. This team visited more than 37 cities across 13 states, which, combined are home to about half of the US population and span five different regions of the country. We listened to individuals from communities both positively and negatively impacted by trade and met with regional and local economic development officials and business owners. The work incorporated one-on-one conversations as well as group discussions. **The purpose of these conversations and discussions was to better understand citizens' experiences, perceptions, and perspectives on trade.** The informal discussions included individuals in a range of roles, such as small business owners, local government officials - including those involved in economic development - academics, union members, farmers, university students, entrepreneurs, and medical professionals, among others. In the focus group settings, we brought together people from diverse backgrounds with an array of political affiliations. Despite their differences, there were commonalities that appeared throughout the discussions which were built upon **to understand how trade can work better for everyone and to create for our nation a publicly supported message around trade.**

**37**  
cities

**13**  
states

home to half of the  
US population

**5**  
regions



# EXECUTIVE SUMMARY | HEADLINES

## 1 - TRADE IS NOT “TOP-OF-MIND”, BUT DISCUSSION RAISES ITS IMPORTANCE

While people do not tend to think about international trade very often, when invited to have a conversation about trade it becomes clear how critical a **role it plays in daily life**. In the focus group discussions, participants were asked to list three issues facing the country that they deem most important. Rarely did trade make the top of list, at least not explicitly. Upon further discussion, it was revealed that most Americans believe trade does play a major role in many, if not all, of their concerns. For example, ‘the economy’ was often listed as a key issue and they acknowledged that trade is a major factor of economic health. However, beyond economy, participants tied trade to other issues broadly ranging from social support to environmental concerns. Although trade is not often a top-of-mind concern, it is recognized as being a complex, underlying force. As one participant noted, “**Trade is the hidden hero**, we all need it and should have **more appreciation** of it, and **more awareness** to make sure it is strong and stable.”

## 2 – VIEWS ON GLOBALIZATION WERE GENERALLY POSITIVE; VIEWS ON TRADE AND TRADE AGREEMENTS WERE MORE NEGATIVE

For many of the participants, their **initial appreciation and awareness of trade lacked much depth**. When prompted to provide top-of-mind associations with the word ‘international trade’, the most popular responses included buzzwords such as China, tariffs, trade deficits, and consumer goods like electronics. Participants noted that these associations are what came to mind because it was what they had heard most recently in the news. When asked to provide associations with the word “globalization”, responses were richer, indicating a more nuanced understanding. Though there was some variation, on the whole, **views on globalization were generally positive**.

The less nuanced top of mind associations about trade **validate the need for bringing in context, depth and facts to bear** - introducing different dimensions to the subject. With issues that can be polarizing, such as politics and economics, research suggests<sup>1</sup> the need to “complexify” them. By adding more nuance to issues, people are more likely to acknowledge areas that are not as straightforward, that are not black and white, red or blue. With these discussions, the research team sought to help the participants identify these complexities and areas of ambivalence that are often ripe for establishing common ground between people of different backgrounds and perspectives.

<sup>1</sup> Hans Joosse & Geert Teisman (2020) Employing complexity: complexification management for locked issues, Public Management Review, DOI: 10.1080/14719037.2019.1708435

### 3 – DESPITE DIVERGENT VIEWS ON THE CURRENT REALITY OF TRADE, PEOPLE SHARE ASPIRATIONS FOR THE FUTURE

To better understand both their perceptions of how trade currently exists as well as their aspirations for what trade could be, in some of the discussions participants were asked to visualize their thoughts. They first selected images to reflect their “ideal” of trade and then chose images that spoke to the “reality” of trade. What these images brought to life is a clear distinction between **what people believe trade to be currently**, with all of its inherent issues, and **what it might become** – something positive. For many, the reality of trade is associated with **confusion**, and for some, **unfairness, inequality, and exploitation**. Although they all currently benefit from trade in some way, most did not acknowledge that fact. Interestingly, many of the business owners interviewed did not seem to understand how international trade agreements were relevant to them or could be of benefit to their organizations. When asked to describe trade in an ideal form, participants largely shared a set of positive visions, centering their thoughts around **connecting and collaborating** with others both domestically and abroad and trade being a way to bring opportunity to many. Most agreed that through equitable partnerships, trade could help everyone realize the “American Dream”.

### 4 – DEBUNKING MYTHS CAN BE A GAME CHANGER

One of the most impactful aspects of these discussions included debunking myths about trade. Participants confronted a variety of **commonly held beliefs about trade** that are not factual and were provided **data to help illuminate the truth**. The discussions around these myths were particularly transformative because they brought to light the source of many misperceptions. For example, a majority of the discussion participants were surprised to find that **China is not in fact the top US trading partner**.<sup>2</sup> Another myth posited that trade was **entirely to blame for manufacturing job loss**, but in truth, automation is considered a main cause.<sup>3</sup> Even for participants who were not necessarily surprised by the myths, they often found the supporting data to be striking and **learned something new**. Challenging their previously held beliefs and providing data to better understand the reality was engaging, educational, and overall fueled richer discussions, which led to **greater appreciation** for the positive role trade can play.

<sup>2</sup> US Census Bureau

<sup>3</sup> US Bureau of Labor Statistics, UN Statistics, US Census Bureau

# EXECUTIVE SUMMARY | HEADLINES

## 5 – PARTICIPANTS CONVERGED ON A CONSENSUS STORY AROUND INTERNATIONAL TRADE AND THE US

Despite their differences in opinion and background, the participants agreed on a number of points, including what key issues need to be addressed. Building upon all of the discussions, a **consensus narrative** about trade emerged. That narrative started with the importance of trade's role across all facets of the US economy and describing the many **benefits it provides**. These agreed upon benefits include how trade **connects** the globe, allowing for the **affordable** exchange of goods and services based upon each nation's comparative advantages, and encouraging **collaboration instead of conflict**. Examples of two data points that support this story and were meaningful to the people we spoke with included: Access to imports **boosts purchasing power** of the average American household by roughly **\$18k annually**<sup>4</sup> and About **40 million American jobs** rely on trade.<sup>5</sup>

The three major areas of concern commonly discussed include **environmental destruction and exploitation**

<sup>4</sup> US Chamber of Commerce

<sup>5</sup> Trade and American Jobs: The Impact of Trade on U.S. and State-Level Employment Update (2016)

of workers overseas as well as **worldwide disparities and inequalities that unfair trade can foster**. Finally, the discussions arrived at several solutions to some of the outstanding issues.

These conversations suggest that **consistent global environmental standards**, fairly determined, could lessen the impacts of environmental degradation overseas and similarly, **ensuring a living wage** could counter labor exploitation overseas. Domestically, providing **dislocation assistance** and training for **re-skilling workers** was viewed as a solution to some of the impacts trade has on US industries, jobs and communities. These ideas were widely supported among participants who are broadly representative of the United States population. With their many different backgrounds and worldviews, they were able to reach consensus on how **the complex story of international trade** could be told from a US perspective.

ROLE OF TRADE	<ul style="list-style-type: none"><li>Though not always front-and-center, <b>trade affects every aspect</b> of the US economy, including jobs, income, and access to goods and services</li></ul>
SUPPORT	<ul style="list-style-type: none"><li>Access to imports boosts purchasing power of the average American household by roughly \$18k annually</li><li>About 40 million American jobs rely on trade</li></ul>
BENEFITS	<ul style="list-style-type: none"><li>Connects our world</li><li>Each country can share offerings</li><li>Affordable access to goods &amp; services</li><li>Incentive to avoid conflict</li></ul>
CONCERNS	<ul style="list-style-type: none"><li>Contributes to pollution and <b>environmental destruction overseas</b></li><li><b>Exploitation of workers overseas</b></li><li>Creates greater wealth disparity and inequality worldwide</li></ul>
OUTSTANDING ISSUES	<ul style="list-style-type: none"><li>Trade impacts on US industries / jobs<ul style="list-style-type: none"><li><b>Solution:</b> Dislocation assistance / skills training</li></ul></li><li><b>Environmental degradation overseas</b><ul style="list-style-type: none"><li><b>Solution:</b> Consistent global environmental standards</li></ul></li><li><b>Labor exploitation overseas</b><ul style="list-style-type: none"><li><b>Solution:</b> Ensure relative living wage</li></ul></li></ul>

## 6 – SMALL BUSINESSES ARE ACTIVELY ENGAGED IN INTERNATIONAL COMMERCE, BUT LARGELY UNAWARE OF THE BENEFITS OF TRADE AGREEMENTS

From our informal conversations with small businesses owners, we noticed a similar theme in which many **lacked much appreciation of trade despite it being integral to their businesses**. Though they were directly participating in and benefitting from international trade, they typically did not seem to be aware of this. They also did not have much knowledge about trade agreements. However, it is essential to note that the issues these small business owners encounter and care most strongly about are **not directly addressed by current trade agreements**. This gap clearly presents an opportunity to engage and involve small business owners in the development of trade agreements to advance policies that will more positively impact their experiences with trade and, in turn, boost their local economies through improved international commerce.

## 7 – VARIATIONS AND TRENDS ACROSS THE COUNTRY POINT TO A BLUEPRINT FOR ECONOMIC SUCCESS THAT INTEGRATES TRADE

Throughout these conversations around the country, several patterns emerged around differing perceptions on trade. Awareness of and appreciation for trade appeared to be strongly influenced by geography. First, **areas home to ports or other centers of global commerce** tended to have citizens that were more knowledgeable about trade, including how it works and how it benefits their local economy. Additionally, places that were more **culturally and ethnically diverse** had citizens that were more open to trade and new ideas. Participants from more diverse areas also tended to be more optimistic overall about the future. A third pattern related to a **winning combinations of influential forces that were embracing of trade, which tended to drive local economic transformation**. Finally, among all the different communities that were engaged in these conversations, it was clear that economic success was tied to moving forward towards globalization and trying out new ways of participating in the international marketplace. Many successful economic development plans for cities/regions included a trade component. However, those plans, are almost entirely removed from policy making in DC.



# EXECUTIVE SUMMARY | HEADLINES

## CASE STUDIES

With each conversation, the Listening for America team and researchers gained valuable insights, including several cities that emerged as useful case studies to better understand the role of trade in local economic transformation. Three cities (Pittsburgh, PA, Greenville, SC and Grand Rapids, MI) were clear examples of successful, trade-fueled turnarounds and two cities (Austin, TX and Tampa, FL) demonstrated how diversity drives the potential for growth.

Historically, Pittsburgh, Greenville, and Grand Rapids were large centers of manufacturing, but when those industries collapsed, these three communities worked to reinvent themselves. According to these communities, by incorporating trade with a number of other localized factors such as strong government leadership and policy, education, and philanthropy they were able to successfully redefine their local economy.

Austin and Tampa exemplified how culturally and ethnically diverse cities hold a more positive perspective on trade. Their openness to both trade and diversity is a major asset as they grow economically. More detailed information about each state and the cities visited is included in the appendix.

## RECOMMENDATIONS

Based on the findings from this work, we offer several recommendations to improve how trade is understood, leveraged, and implemented to better serve all Americans. The recommendations are laid out in further detail on the following page. They are grouped into four categories:

- (1) **Listening & Understanding**
- (2) **Incorporating into Policy Development**
- (3) **Messaging & Communications**
- (4) **Mobilizing Assistance**

## RECOMMENDATIONS continued

At its core, the first category of recommendations is meant to encourage learning for officials by connecting them with everyday citizens and on-the-ground organizations. The second category advises on how these learnings can be integrated to create more meaningful policy. The third category emphasizes how the large-scale spread, and reception, of information will be crucial to improve the nation's overall understanding of trade and its importance. Finally, the fourth category advises on several initiatives to support these efforts on the ground.

### LISTENING & UNDERSTANDING

- Inclusion of public officials, negotiators, USTR, and other relevant agencies in Listening Tours / meetings
- More input from EDA (at Commerce) and SBA into USTR activities / initiatives
- More robust local government outreach and consultations with USTR

### INCORPORATING INTO POLICY DEVELOPMENT

- Bottom-up policymaking - taking it out of theoretical space, translating citizens' inputs and articulating it into policy
- Mayor / Governor's ACTPN-level advisory committee for the USTR
- Deepening coordination among government agencies who have capabilities on trade, such as USTR, Commerce, Department of State, Treasury, Department of Labor

### MESSAGING & COMMUNICATIONS

- Engaging methods of explaining this work and seeking input
- Force multipliers to spread information
- Use domestic FCS to do educational outreach to local communities

### MOBILIZING ASSISTANCE

- Enhanced toolkit to support local / regional efforts to tap the global economy
- Support for technical / community colleges for re-training
- Creation of Trade Corps of volunteer experts to provide hands-on local support
- Partnerships and consultations between international development experts and local/regional economic development agencies
- ITC report on trade agreement impact must also include mitigation recommendations for impacted communities

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## THE 'WHY' BEHIND THIS PROJECT

For most of the 70 plus years since the end of World War II, there was a political consensus in the United States that open trade and investment policies would provide the most benefit to the country and its people. The United States pursued those policies through multilateral and bilateral agreements that attempted to lock in open trade and investment regimes throughout the world. The consensus that unfettered openness was a benefit began to fray, first on the political left, in the late 1990s. The riots in Seattle in 1999 during the meeting of the World Trade Organization (WTO) which failed to reach agreement on further market-opening crystallized the issues that had been bubbling for several years. Opposition to the WTO negotiation was led by environmental groups along with organized labor and international development NGO community. More recently, the idea that open trade and investment policies is beneficial to the United States and its citizens has also been challenged on the political right,

including with calls to abandon the trade and investment agreements that have been the pillar of U.S. policy for 70 years and instead enact policies that limit access to the U.S. market for foreign-made goods.

In the meantime, globalization has continued to occur. In the manufacturing sector, products are produced with components from many different countries. It is extremely rare that a manufactured finished product is made from components that all come from the same country. This means that the United States is dependent on imports even for its finished products. The Internet and modern telecommunications allow services to be provided across national borders. The dynamics of the U.S. economy are continuing to evolve as a result of technological advances and continued globalization. Services now comprise 70% of the U.S. economy.<sup>6</sup> Integration within North America in some manufacturing sectors, like automotive, as a result of the North American Free Trade Agreement (NAFTA, now the US-Mexico-Canada Agreement or USMCA) have been occurring over the past 20 years.

**The consensus that unfettered openness was a benefit has frayed**

<sup>6</sup> Bureau of Economic Analysis



# DETAILED FINDINGS

## THE 'WHY' continued

Some have benefited greatly from these past policies and others have not.

Economists have argued that openness still will provide the greatest benefit to the most people. However, the strong public support for political campaigns on both the left and right that decry open trade and investment policies makes clear that the post-World War II political consensus on trade and investment no longer exists in its previous iteration. At present, there is no publicly-supported consensus on what U.S. trade and investment policy should look like, including policies on how to deal with the negative effects of globalization on individuals.

A new consensus on the elements of U.S. trade and investment policy must be built. The old policy was made from inside Washington DC, and based mainly on academic theories. It did not take into account the adverse effects that openness can have on working people throughout the country and "regular people" had very little, if any voice in how those policies were shaped. Building a set of policies that can gain wide public support and not be based on party politics requires input from the people those policies affect. There is a long history of surveys about American attitudes toward trade, which are helpful input. However, much deeper and more

comprehensive input is required in order to shape a policy that will benefit Americans not just today, but for the rest of the century. And a continuous loop of engagement is needed to keep policies on the right track.

Listening for America is a non-partisan non-profit dedicated to developing trade policy that is publicly supported. The following report details the work of its Listening Tour spanning 2018 - 2020.

**At present, there is no publicly-supported consensus on what U.S. trade and investment policy should look like, including policies on how to deal with the negative effects of globalization on individuals.**

## METHODOLOGY

The Listening for America research team held informal **conversations with over 400 individuals**. In addition, the team conducted more than **80 hours of focus groups** with participants across almost **50 sessions**. The participants in these conversations and groups were rigorously selected to be **representative of the US population**. They fell all along the political spectrum and as well as across geographies, from urban Manhattanites to rural Iowans. Participants of all ages were included from undergraduate college students to retirees. The states visited include: California, Florida, Iowa, Michigan, Minnesota, New York, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Virginia, and West Virginia. Notably, these states are home to about half of the US population and span five different regions of the contiguous states. Within each state, the team traveled to a variety of locations, including urban, suburban, and rural communities.

The informal meetings were designed to be conversations to get an honest sense of **people's perspectives and experience with trade** and to gauge their needs in relationship to current trade policy. Participants included small business owners, local government officials - including those involved in economic development - academics, union members, farmers, university students, entrepreneurs, and medical professionals, among others. As previously mentioned, the focus groups

brought together a variety of everyday citizens from the same geographic area to have an exchange about their perspectives on international trade and globalization. An expert facilitator guided the conversations and leveraged the opportunity as a way to educate the participants through the use of recent trade and economic data. The Listening Tour took place over a three-year period, including 2020. The pandemic, as in society in general, necessitated the switch from in-person listening sessions to virtual conversations. Through the virtual platform, the team was able to bring together an even more diverse array of participants and allowed for more people (officials, researchers, etc.) to listen in.



\*Online whiteboarding platform

# DETAILED FINDINGS

## METHODOLOGY continued

The conversations covered a range of topics and questions to understand perspectives on trade including awareness and understanding of it as well as surveying how the participant's local economies are impacted by trade. Generally, the flow of the discussions started with asking what **key issues** in the US were important to the participants and how trade might be related to those issues. For each group discussion, the participants were sourced from a given city/region and were asked to explain their unique take on how trade affected their particular region. One of the more impactful aspects of these discussions for the participants was in **debunking trade myths**. They were shown a variety of myths and were asked to provide their reactions to this information - whether it was entirely new to them, surprising, or something they knew to be untrue. In addition to the myths, several supporting data points were reviewed to enlighten participants as to why the myths were untrue. The myths and data points used in these conversations are explained in further detail starting on page 21. Participants were then asked to select, from a variety of images, which ones they felt visually represented the **"ideal"** of trade or what trade in its ideal form might look like. In turn, they were then asked to choose images that represented the current **"reality"** of trade.

### FOCUS GROUP DISCUSSION FLOW

INTRODUCTION &  
WARM UP

PROBE PERCEPTIONS  
OF TRADE

RESPONSE TO TRADE  
MYTHS

EXPLORE IDEAL VS.  
REALITY OF TRADE

TRADE MESSAGE  
CO-CREATION

SOURCES OF  
INFORMATION

## METHODOLOGY continued

After comparing the ideal and reality visualizations, participants explained how far apart the ideal and reality seem and what barriers they believe need to be overcome in order to achieve the ideal. The ensuing topic of discussion covered the **concerns people have about trade** as well as the benefits they believe it

provides. In about half of the group discussions, the participants were engaged in a **co-creation exercise** to develop a story around trade including their understanding of its role, the positive and negative impacts it can have and possible solutions. The final line of questioning sought to understand where participants get their **information** - **what sources do they rely on** for news and where do they go to educate themselves on political, economic, and social matters.



RURAL



URBAN



COLLEGE-AGE



RETIREMENT-AGE



LEFT



RIGHT

**Focus group respondents** were broadly representative of the US. They were distributed across a number of spectrums including a range of geographies, ages, and political affiliations.



# DETAILED FINDINGS

## IMPACTS OF COVID

A portion of this tour took place in the year 2020 and the impacts of the pandemic were noted in several ways. First, as previously mentioned, there was a shift to virtual focus groups and listening sessions. Instead of bringing focus group participants together in one room, they met from the safety of their homes through the Zoom platform. The second impact was how the experience of the pandemic had altered the respondents' views on trade. Generally, their awareness for the delicate nature of trade appeared to be heightened; some described the lack of supply in grocery stores or, similarly, shipping delays from overseas. Finally, the pandemic altered the flow of discussion. It was necessary to add in time for respondents to explain their current circumstances and how they and their community had been affected. Some had direct personal impacts such as losing their jobs while others described the suffering more broadly in their community. Clearly, the pandemic had greatly disrupted not only trade and the economy, but also people's lives.

## KEY ISSUES & TRADE

Participants were each asked to list the top three issues they believe the US is facing. Typically, a range of social, political, and economic concerns were cited as major issues. Everything from healthcare to the economy to the climate crisis was mentioned, but notably, trade rarely made that list. The participants were asked why trade didn't seem to make the cut in their top three issues. Some answered that it would be their fourth while others didn't seem to consider it as a standalone issue. Most often the participants arrived at the opinion that trade played a major role in some of the issues and was, at the very least, an underlying or related factor to most of them.

**KEY ISSUES** – word cloud example from focus groups in California's Central Valley

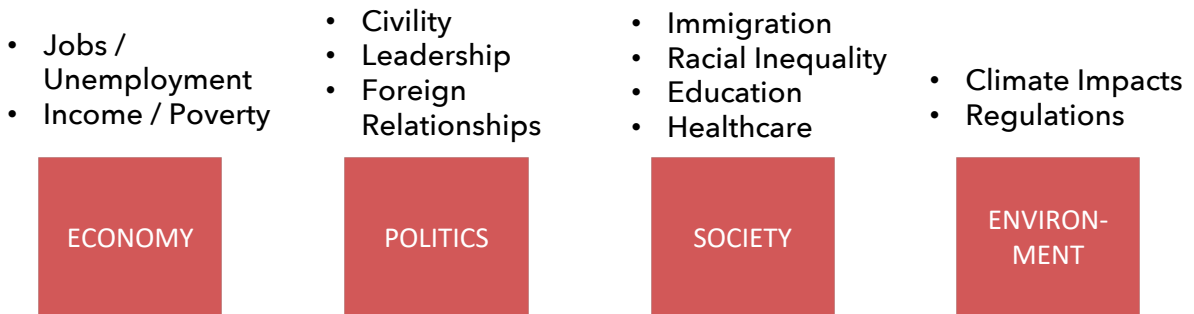


## KEY ISSUES & TRADE continued

Generally, the US economy was most commonly associated with being heavily impacted by trade, but other issues such as political leadership and the environment were also viewed as being entwined with trade. For some, trade was seen as a constant, something that is always going on, but is “on the back burner”. Key issues waxed and waned depending on what the current headlines were at the time of each conversation. Issues that were in line with more current events, such as elections, COVID, and racial equity in the 2020 conversations seemed to hold greater relevancy and

were considered more concerning. Despite trade not being a top issue for many participants, it was generally described as being important. In areas home to ports or other centers of international exchange, this acknowledgement of trade’s importance was much more pronounced. At the conclusion of these conversations, after spending roughly two hours talking about trade and globalization, many participants noted how much they learned about the complexity of trade and the important role it plays in daily life. This realization, they felt, was a stark contrast to this initial exercise in which many did not mention trade as being a key issue. As one participant explained it: “Trade is the hidden hero.”

**International trade plays a role in many areas of concern**, but is not at the forefront. Typically, key issues reflected current events. For example, leading up to the 2020 presidential election, several reported key issues revolved around voting. The diagram below broadly provides examples of some key issues.



## INTERNATIONAL TRADE



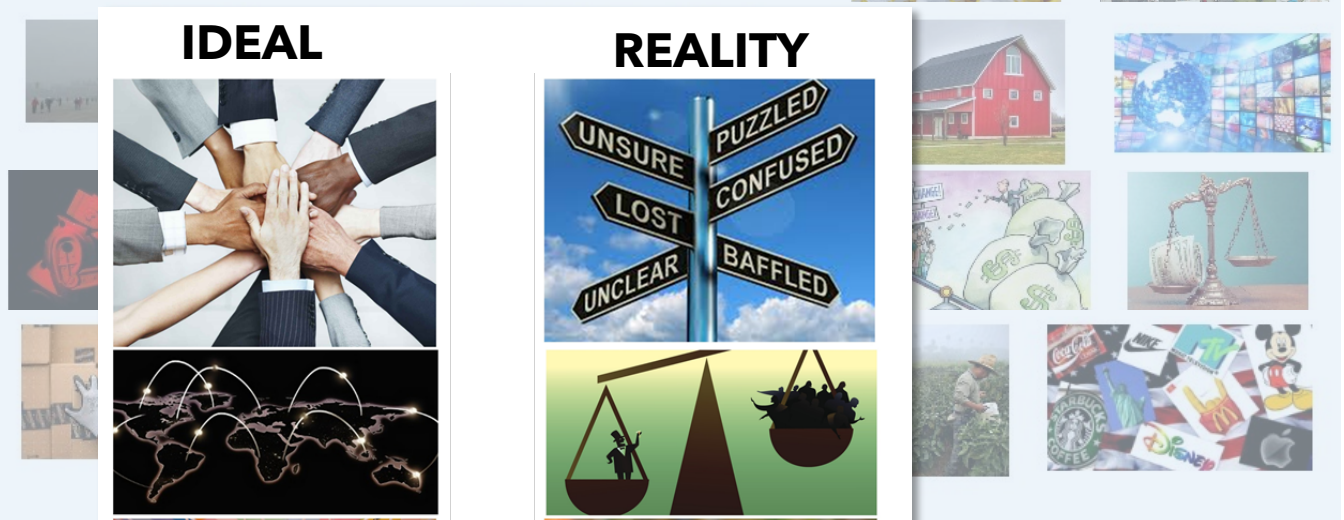
## THE IDEAL VERSUS REALITY

Beyond associations, the researchers sought to have the participants visualize and bring to life what trade could look like in an “ideal” form and contrast that with visual representations of the “reality” of trade. To understand this, the participants were shown a number of images that illustrated a range of possible emotions, processes, situations, and outcomes that could be related to trade. From this bank of images, they first **selected images that captured the ideal of trade**. Once the images were selected, they were asked to describe what the image represented in terms of trade. For example, an image of a busy shipping port might represent “economic prosperity”. Next, from the bank of images, they **chose images that visualized the current “reality” of trade** and repeated the process of describing their representation. For example, a scale weighted more heavily to one side might be summarized as “unbalanced trade”. The process for selecting images is summarized below. Across all of the conversations, several images and themes were repeatedly selected. The ideal of international trade was most commonly visualized with the images highlighted on the following page. These images illustrated themes of collaboration and connectedness, leading to shared opportunity and prosperity. The “reality”

on the other was typically characterized as confusing, exploitative, and unequal. After this visualization exercise, participants **discussed the gap between the “ideal” and “reality” of trade**. On a scale of 1 - 10 with 10 being the ideal and 1 being the complete opposite, participants were asked where they see the current reality. The **average score across all groups was 5**, though this varied by region and group. Naturally, some individuals had extreme views, but most felt it was somewhere in the middle. Finally, participants touched upon the **barriers that must be overcome to achieve the ideal**. Most answers were generalized and contained very negative views towards big corporations and placed blame on what they considered to be out of touch political officials. Several noted that public misconception and lack of information about trade also plays a role, which brings the conversation back to how people (not just government officials and large corporations) can influence policy. Many participants talked about worker exploitation and environmental degradation as issues that need to be addressed for us to move toward the ideal.



## DETAILED FINDINGS



# IDEAL



## REALITY



## MOST POPULAR

**SELECTIONS** - across the focus groups, these images (left) were most frequently selected representing the ideal and reality of trade

## MYTHS

Throughout our informal conversations and initial focus groups, several “myths” about trade, that were factually incorrect perceptions, began to emerge. We then adapted our discussions to include and debunk these myths. This part of the discussions was particularly eye-opening as it challenged many misconceptions and helped the participants to recognize what they don’t know about trade -- an important first step in understanding a subject more deeply. The myths included:

- 1) China is our largest trading partner
- 2) Tariffs are paid by the exporting country, and thus, can be a way to punish or keep in check those we feel are taking advantage of us
- 3) Trade is mostly about manufactured goods, where we have a disadvantage relative to other countries –
- 4) Trade is the main cause of manufacturing job loss
- 5) Most of the benefits from trade go to multinational corporations

Participant perspectives for each of these myths is detailed on the following pages.

# DETAILED FINDINGS

## MYTHS continued

### 1 - China is our largest trading partner

Many participants found this myth to be the most eye-opening and considered it be a key takeaway from the entire discussion. Debunking this myth revealed several sources of misperception, the first being how the US relationship with China seems to be overstated. For some, 'China' is the first word that comes to mind when they think of trade or as one participant said, "It seems like everything in my house has a 'Made in China' sticker on it". On the flipside of this fixation with China is the lack of awareness around trade with the other large and more proximal trading partners such as the European Union, Canada, and Mexico. Even for participants that knew China was not the largest trading partner, they were surprised by the percentages. The percentage of trading the US conducts with China (~17%) is much smaller than most participants estimated (typically 30% but as high as 80%). Again, as China was overestimated, this left many other countries underestimated; this demonstrated to participants that the US exchanges a significant amount of trade with many more countries than China alone. Challenging this myth was an important first step in 'complexifying' the topic of trade for participants and encouraged a broadening of awareness of trade beyond the US and China partnership.

### 2 - Tariffs are paid by the exporting country, and thus, can be a way to punish or keep in check those we feel are taking advantage of us

Discussion of this myth revealed that many participants did not fully understand who pays tariffs nor their purpose, highlighting a major source of confusion. A surprising data point for some was that "Over half of all US imports are either intermediate components or raw materials. These imports are sold as inputs to domestic businesses rather than as goods consumed directly by households"<sup>7</sup>. This myth also raises the point around a sentiment held by some participants that the US experiences exploitation in unfair trading partnerships and can wield tariffs to retaliate. However, with some discussion and explanation that the importer pays tariffs, many participants were able to conclude that raising tariffs ultimately impacts the consumer's wallet and hurts them rather than the exporting country.

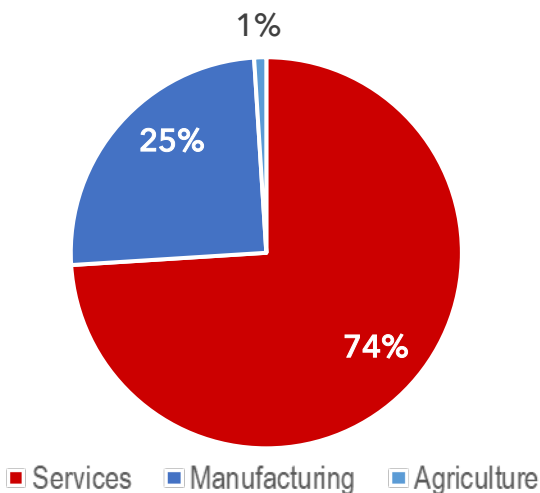
<sup>7</sup> Doug Irwin, *Free Trade Under Fire* and Bureau of Economic Analysis

### 3 -Trade is mostly about manufactured goods, where we have a disadvantage relative to other countries –

Debunking this myth helped participants understand that manufactured goods, which dominate much of the discussion about trade success and “fairness”, are only part of the conversation. Two key points were demonstrated, 1) services, a larger part of our economy than manufactured goods, are also a key part of our trade activity, and 2) the US actually has a comparative advantage relative to trade in services. Explaining that trade involves non-tangibles such as services added further nuance to the participants’ understanding of trade. Additionally, showing data that supports how the US has

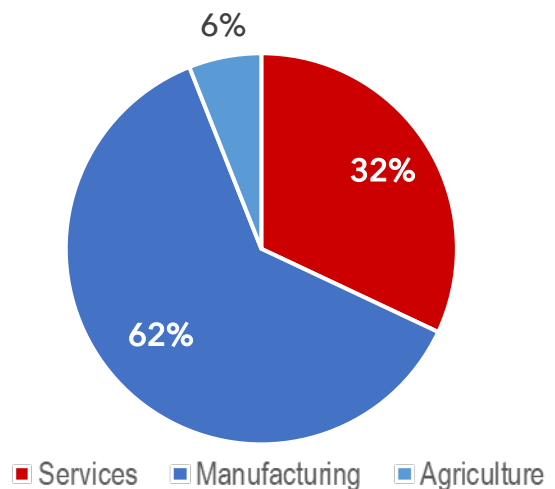
an advantage in trading services, which could be considered a point of pride, seemed to improve participants’ positivity towards trade. Many participants were surprised by the relatively low share of total US GDP that is represented by agriculture. It is apparent through these conversations that manufactured goods and agricultural products are perhaps more “visible” than services and so they occupy an exaggerated presence in the average person’s perception of trade. Thus, even if the US is successfully trading in services, when manufacturing and agriculture suffer, views on trade trend more negative due to this misunderstanding.

US GDP by Sector (2015)



Source: Bureau of Economic Analysis

US Sectors as a Percentage of Exports (2015)



Source: Department of Commerce & USDA ERS

# DETAILED FINDINGS

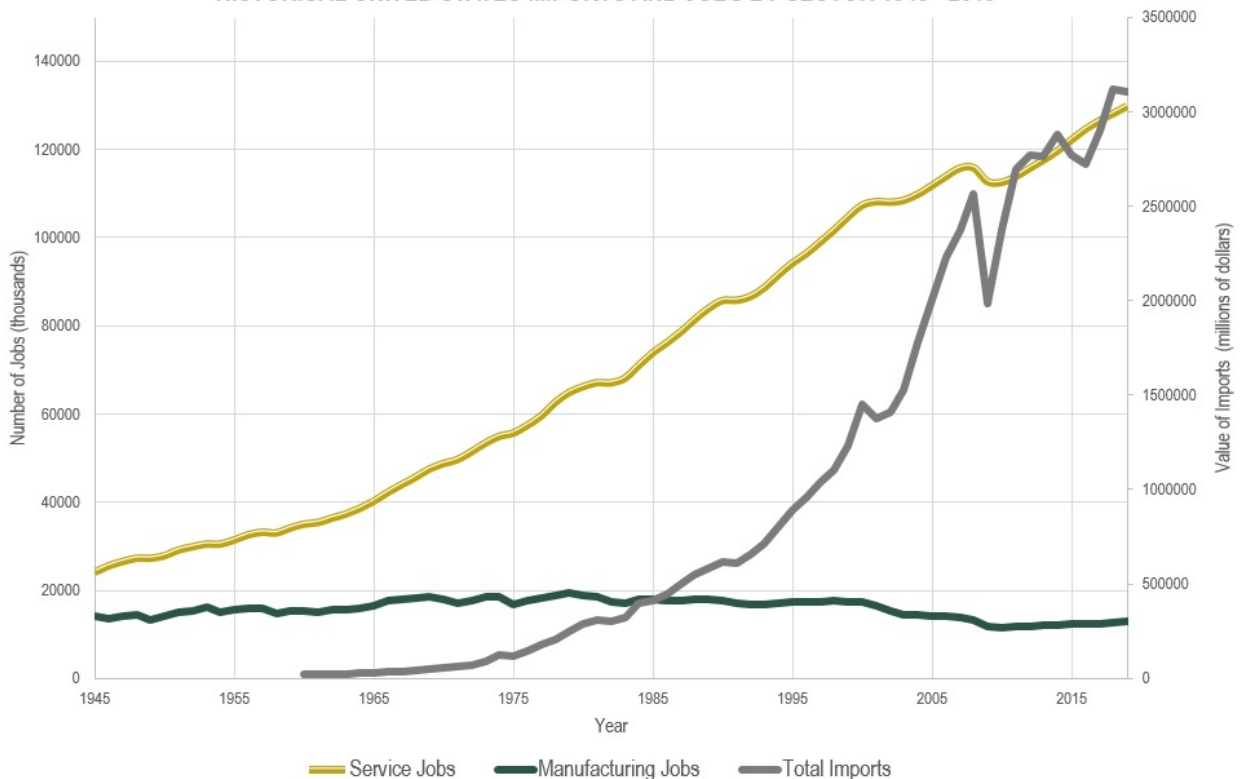
## MYTHS continued

### 4 - Trade is the main cause of manufacturing job loss –

Challenging this myth illustrated that trade is often used as a scape goat for manufacturing job loss. Much like the first myth about China this notion seemed to be ingrained as a common understanding of trade. A common belief espoused throughout the groups in response to this myth was that “all the jobs got sent overseas because it is cheaper there.” However, through discussion, the groups

were able to reach the conclusion that automation was actually a much larger factor in manufacturing job loss. Additionally, as laid out in the supporting data, many jobs in the US depend on trade; thus, it is a boost to domestic employment rather than a drain. This demonstrates that, despite misconceptions, even as advancements in technology cause certain types of jobs to decrease, domestically, trade positively affects jobs in both quantity and quality / working conditions.

HISTORICAL UNITED STATES IMPORTS AND JOBS BY SECTOR 1945 - 2019

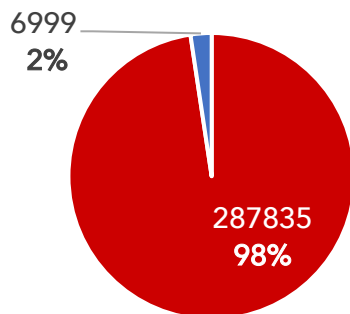


### 5 - Most of the benefits from trade go to multinational corporations –

Discussing this myth helped participants realize that trade can benefit everybody. Through trade, small businesses, large companies, and even individuals such as themselves, all have greater access to a wider array of goods and services from across the globe and, typically, at competitive prices. This myth and supporting evidence received some

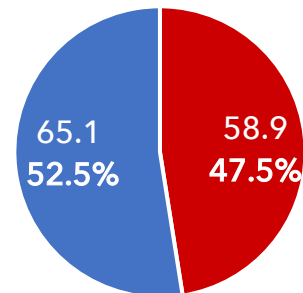
pushback in that large businesses still represent the majority of export revenues. However, participants recognized that trade still positively impacts many people whether it flows through larger corporations or small businesses. This myth importantly highlighted how small businesses and individuals participate in and benefit from international trade, even though trade is more commonly associated with the large corporations.

US Businesses Engaged in Exporting (2015)  
(number of businesses)



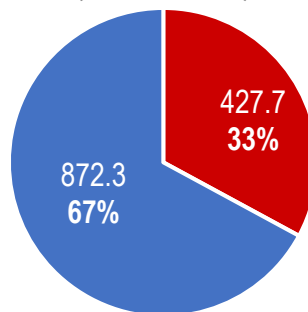
■ Small Businesses

Shares of US Employment (2015)  
(millions of employees)



■ Small Businesses ■ Big Businesses

Businesses and US Exports Revenues (2015)  
(millions USD)



■ Small Businesses ■ Big Businesses

Source: US Small Business Administration



# DETAILED FINDINGS

## STORY CO-CREATION

During the Listening Tour, the team captured a collection of thoughts and perceptions that appeared throughout their conversations. With the help of discussion participants, they wove these common threads together to tell the story of trade in the US. **To begin the story, the participants identified the role of trade** - why it matters, what makes it important. Then from a bank of data points, they selected those that best supported the importance of trade. Next, they **selected the key benefits trade has to offer** as well as the **concerns** they have. Then they **revisited the myths** and chose those they found to be most compelling and felt would be eye-opening to other members of the public just like them. Finally, they **addressed outstanding issues** with trade and discussed ways those issues might be resolved. This all comes together to tell a publicly-supported and non-partisan narrative around the US and international trade.

The **role of trade** was most commonly described as “Though not always front-and-center, trade affects every aspect of the US economy, including jobs, income, and access to goods and services”. This mirrors the previous discussion where participants listed the top three issues they believe the US faces, trade rarely made that list - it is not top of mind, but it is an underlying factor, especially when it comes to economic concerns.

Notably, in the conversations that took place during the COVID 19 pandemic, the role of trade was expressed more as follows: “Trade is something you don’t fully appreciate until you see how disruptions in it can play havoc on our economy and our livelihoods”. Clearly, the pandemic represents a powerful disruption of which many participants experienced the negative outcomes and this colored their perceptions around the importance of trade.

Overall, the first description of trade being important but not top of mind, was the most compelling. Participants chose **data points that support trade’s significance** and felt that the most eye-opening statements included: “Access to imports boosts purchasing power of the average American household by ~\$18k annually”<sup>8</sup> as well as the fact that “About 40 million American jobs rely on trade.”<sup>9</sup> These statistics support the claim that trade plays a key role in the US economy and they describe some of the benefits Americans appreciate that are due to trade: greater purchasing power and jobs. Beyond the US borders, other benefits cited describe how trade connects nations, allowing each to share their unique offerings and providing affordable access to goods and services, which in turn, incentivizes countries to avoid conflict.

The following page describes the output of the story co-creation.

<sup>8</sup> US Chamber of Commerce

<sup>9</sup> Trade and American Jobs: The Impact of Trade on U.S. and State-Level Employment Update (2016)

## CONSENSUS TRADE “STORY”

**Outlined** below is the most popularly selected elements of the trade story that can be used to create a narrative around international trade and the US

### ROLE OF TRADE

- Though not always front-and-center, **trade affects every aspect** of the US economy, including jobs, income, and access to goods and services

### SUPPORT

- Access to imports boosts purchasing power of the average American household by roughly \$18k annually
- About 40 million American jobs rely on trade

### BENEFITS

- **Connects** our world
- Each country can **share** offerings
- **Affordable access** to goods & services
- Incentive to **avoid conflict**

### CONCERNS

- Contributes to pollution and **environmental destruction overseas**
- **Exploitation** of workers overseas
- Creates greater **wealth disparity and inequality worldwide**

### OUTSTANDING ISSUES AND SOLUTIONS

- **Trade impacts on US industries / jobs**
  - *Solution:* Dislocation assistance / skills training
- **Environmental degradation overseas**
  - *Solution:* Consistent global environmental standards
- **Labor exploitation overseas**
  - *Solution:* Ensure relative living wage

There was strong public support for creative thinking in policy about improving the impacts of environmental degradation and treatment of workers in developing countries in connection with trade



## SMALL BUSINESS OWNER VIEWS OF INTERNATIONAL TRADE

As mentioned previously, there were a number of informal discussions that complemented the focus groups. Some of these informal discussions included talking with small business owners and operators. These conversations made clear two key points, 1) a number of them had been **impacted by trade** and were willing to share their stories and 2) despite being actively engaged in trade, and in some cases, dependent upon it, they **did not recognize trade as a crucial factor** in their business.

The following vignettes portray the experiences of small business owners that were directly impacted by trade and trade policy. They felt the tangible **negative effects**, typically, as a result of duties as well as a lack of support in navigating the complex policies and regulations.

A home renovator in Iowa struggling with skyrocketing steel and lumber costs	A tea blender in Tampa, FL put out of business by Chinese tariffs	A countertop manufacturer in Pittsburgh who was disadvantaged by importing granite from Turkey due to countervailing duties
A knife producer in western Michigan who relies on specialty imported steel produced only in Poland. He could not compete with others, such as those in Europe, who could procure the steel without paying tariffs.	A small business owner in Minnesota who experienced difficulties getting her small shipments of organic, Honduran coffee beans through the extensive USDA requirements. Through much effort, she managed to solve this challenge on her own.	A medical equipment manufacturer in South Carolina, who was charged tariffs that shouldn't have applied on an imported component from China. After much effort, they were able to obtain a customs ruling to get the discrepancy resolved.

# DETAILED FINDINGS

## SMALL BUSINESS OWNER VIEWS OF INTERNATIONAL TRADE - continued

For small business owners that were **reaping the benefits** of international trade, such as access to niche goods, services, and markets, many did not realize they were participating in the global economy as a result of trade and trade agreements. The following are examples of business owners from a variety of industries who **lacked that recognition** of how trade agreements affect them.

A truck business in Philadelphia that imported transponders which were partially programed in India. The trucks travel between Canada, the US and Mexico.

An entrepreneur in Michigan who was producing CRM software for small businesses that operated in 26 countries

An importer of specialty, pre-packaged foods from Australia

A fashion designer in Austin, TX using imported, fair-trade fabrics.

Finally, those small business owners who clearly **embrace trade** often shared stories of the significant positive impact it had on their business. They understood how trade was relevant to their business, how they could benefit from it, and how they could meaningfully participate in the global economy. Below are two clear examples of this perspective.

A farmer in Michigan who was not threatened by international competition and instead, showed adaptability by switching his crops to potatoes, squash, and beans when he couldn't compete with peppers and tomatoes from Mexico.

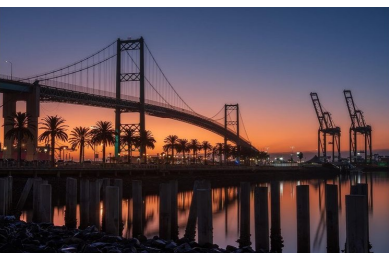
A textiles manufacturer in Miami, FL that was dedicated to having textiles produced overseas by workers who were properly compensated and had safe working conditions.

## REGIONAL VARIATIONS & SYNTHESIS

Throughout the Listening Tour, the team observed distinct regional attitudes toward trade. Overall, embracing trade appeared to play a key role in local economic success. Geography typically had a large impact on awareness of trade. Participants from cities with **ports**, from Los Angeles to Charleston, or that are **centers of international commerce**, like Miami, FL or Buffalo, NY, tended to have more knowledge about trade. For example, they were more likely to understand how tariffs operate. They also tended to demonstrate a fuller appreciation of trade's significance, such as recognizing how important it was to the success of their local economies. Another key driver of attitudinal variation was **the degree of cultural and ethnic diversity** in a region. As the amount of cultural diversity increased so did openness towards international

exchange. Areas with high levels of cultural diversity also tended to hold a more overall positive outlook for solving economic issues. In other situations, **localized factors** such as philanthropy, academic institutions, and community leadership that, when embracing of trade, typically resulted in economic transformations. Those communities who were **open to engaging with a global market** had a healthier economy in comparison to those that were stuck or resistant to moving forward. Interestingly, local economic development officials in several cities are successfully **doing their own international relations** work and promotion without the involvement of federal officials. In fact, they viewed the federal involvement as creating obstacles and extra work, rather than being valuable. Clearly, **economic success can be highly dependent on leveraging trade** to fuel development and growth, but it requires coordination, effort, planning, and certainly does not happen overnight.

### KEY DRIVERS OF VARIATION



Port of LA

#### GEOGRAPHY

Knowledge and appreciation for trade is highest for port cities or centers of international commerce



Little Havana, Miami

#### CULTURAL / ETHNIC DIVERSITY

More culturally diverse areas were more open to, and embracing of, trade - and tend to have a more positive outlook overall



Greenville, SC

#### LOCAL ECONOMIC TRANSFORMATION


Combination of leadership, philanthropy, education institutions, and other factors that embrace trade, often as a means of survival



# DETAILED FINDINGS

## RECOMMENDATIONS

After listening to Americans across the country discuss their thoughts on trade, it is clear there is work to be done that can improve trade policy. International trade experts provide suggestions for improvements that fall under four main areas:



**LISTENING & UNDERSTANDING** - in developing a worker/community-centered trade policy, and in advance of negotiating any future trade agreements, include a greater number of officials and agencies listening in on conversations with the public as well as encouraging increased collaboration and partnerships between agencies.

- Inclusion of public officials, negotiators, USTR, and other relevant agencies in Listening Tours / meetings
- More robust local government outreach / consultations with USTR
- More input from EDA (at Commerce) and SBA into USTR activities / initiatives




**MESSAGING & COMMUNICATIONS** - develop methods to spread awareness for this work, engage more communities, and provide compelling educational campaigns

- Engaging methods of explaining this work and seeking input. For example, interactive classes offered through local networks like churches
- Force multipliers to spread information, such as trusted communicators to debunk myths, provide facts and act as a conduit for input
- Use domestic FCS to do educational outreach to local communities



**INCORPORATING INTO POLICY DEVELOPMENT** - create improved policy by using learnings from conversations with the public and local leaders

- Bottom-up policymaking - taking it out of theoretical space, translating citizens' inputs and articulating it into policy
- Mayor / Governor's ACTPN-level advisory committee for the USTR
- Deepening coordination among government agencies who have capabilities on trade, such as USTR, Commerce, Department of State, Treasury, Department of Labor



**MOBILIZING ASSISTANCE** - on the ground efforts to support members of the public, their communities, and local governments

- Enhanced toolkit to support local / regional efforts to tap the global economy, including more help for small businesses
- Support for technical / community colleges for re-training
- Creation of Trade Corps of volunteer experts to provide hands-on local support
- Partnerships and consultations between international development experts and local / regional economic development agencies
- ITC report on trade agreement impact must also include mitigation recommendations for impacted communities