

Anxiety Over Energy, Jobs, and Wealth Shakes America's Global Economic Confidence

As the 2008 presidential candidates gear up to debate domestic policy issues, a new study by The Chicago Council on Global Affairs shows economic anxiety among Americans is causing a shift in foreign policy views and priorities. Energy is a major source of concern, along with jobs and the distribution of income and wealth. These concerns are negatively impacting views of globalization, immigration, NAFTA, and the U.S. economic future.

The American public's economic unease is evident in the strong majority (64%) that believes the distribution of income and wealth in the United States has recently become less fair, (see Figure 1). Eighty-two percent of those who answered less fair on this question indicate that globalization and international trade are "very important" (25%) or "somewhat important" (57%) in causing the change. And Americans do not see things getting better, with 60 percent believing the next generation of Americans will be economically worse off than today's working adults (30% say about the same and 9% say better off).

A striking 82 percent of Americans favor fixing pressing problems at home rather than addressing challenges to the United States from abroad (17%). Americans believe that remaining competitive in the global economy can be best addressed from within—through investing in renewable energy, stabilizing U.S. financial institutions, and improving public education.

These findings are part of a larger poll conducted by The Chicago Council on Global Affairs



between July 3 and July 15, 2008. Given the dramatic events on Wall Street in September, a shorter follow-up poll was conducted between September 22 and September 26 to assess whether the financial crisis has affected attitudes on some key questions in the study. The September results broadly confirm the overall trends identified in July and outlined here, with one noticeable exception—a

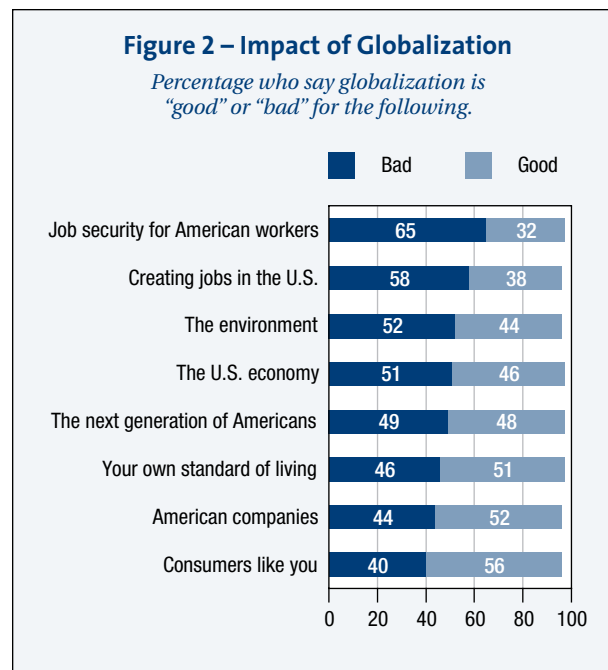
sharp decline in the number of those who see improving America's standing in the world as a very important foreign policy goal for the United States, down 32 points from 83 percent in the July poll to 51 percent in the September poll. This suggests that Americans are focusing inward, not outward, as the financial crisis and the U.S. presidential election unfold. Unless otherwise noted, this report cites the July results.

Globalization: Good for Consumers and Companies, Bad for Workers

Economic anxieties are having a clear impact on views of globalization. Although a majority of Americans (58%) still think that “globalization, especially the increasing connections of our economy with others around the world,” is “mostly good” for the United States, this is down 6 points from a high of 64 percent in 2004. This dropped further to 56% in September. The number of Americans who believe it is “mostly bad” has been steadily growing, from 31 percent in 2004, to 35 percent in 2006, 39 percent in July 2008, and 42 percent in September 2008. In a further sign of concern, when asked specifically whether globalization is good or bad for the U.S. economy, 51 percent of Americans say it is bad.

Americans are clearly concerned about globalization's effect on jobs, with 65 percent saying globalization is bad for the job security of American workers and 58 percent saying it is bad for creating jobs in the United States (see Figure 2). This concern over jobs is reflected in the large majority of Americans (80% in June and 78% in September) who view protecting the jobs of American workers as a “very important” foreign policy goal (up from 76% in 2006). Nevertheless, majorities still believe globalization is “good” for consumers (56%), for American companies (52%), and for their own standard of living (51%).

Americans are divided on whether globalization is good or bad for the next generation of Americans, with 48 percent believing it is good and 49 percent believing it is bad. On the other hand, while a substantial 40 percent of Americans



believe “economic globalization” is occurring “too quickly,” 57 percent disagree (39 percent say it is happening “at the right pace” and 18 percent say it is happening “too slowly.”) Developments on Wall Street have not altered views on this question, with results from the July and September tracking polls virtually identical.

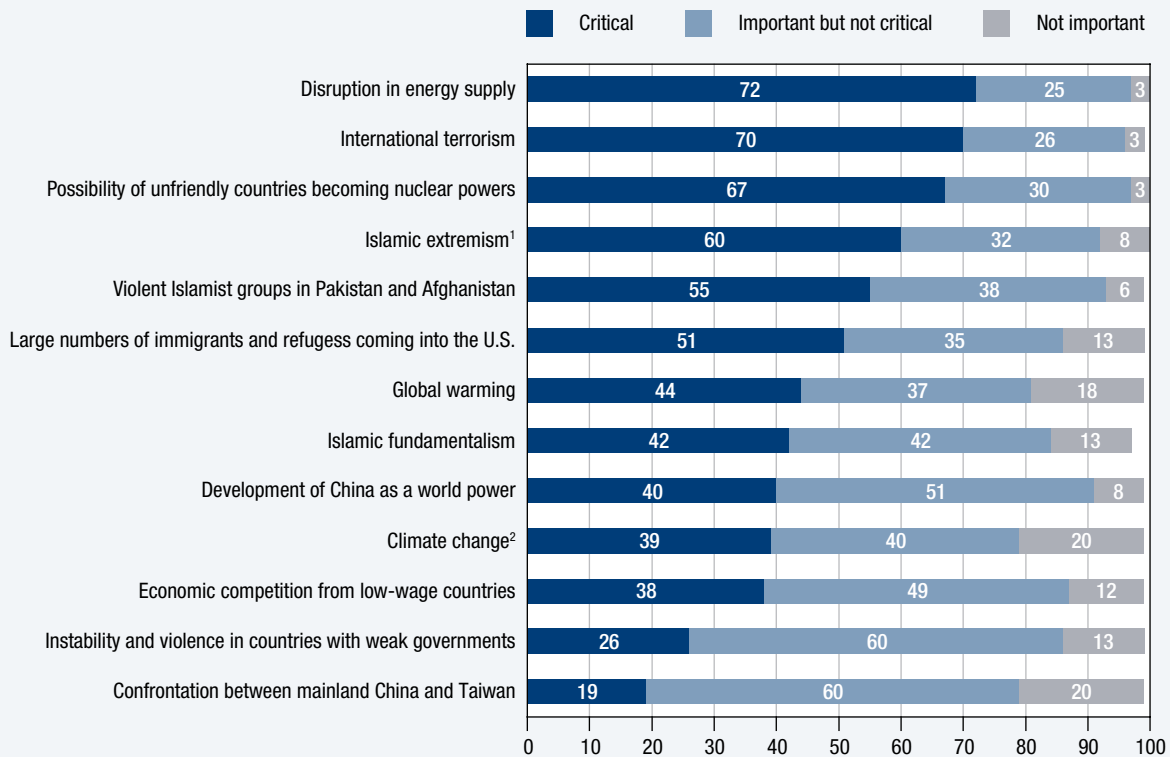
Overall, however, Americans are increasingly uneasy about the effects of globalization. And, they are especially concerned about the role of foreign government investors in the economy: 68 percent of the public does not favor allowing foreign government investors to invest in U.S. companies and banks, while only 29 percent favor it.

Energy: A Top Concern

Another clear shift in priorities is the emergence of energy as a top foreign policy issue. The foreign policy goal of securing adequate supplies of energy is at its highest level in these Chicago Council surveys since the oil crises of the 1970s. Eighty percent of Americans saw this as a “very important” goal of U.S. foreign policy in July 2008, with only a slight drop to 77 percent in September. This puts it on par with the long-time popular goal of protecting the jobs of American workers (80% in July and 78% in September). These two goals now top the

Figure 3 – Critical Threats to U.S. Vital Interests

Percentage who see each of the following as critical, important but not critical, or not important threats to U.S. vital interests in the next ten years.



¹ "Islamic extremism" is new wording in 2008 tested against the wording "Islamic fundamentalism" used since 1994. This new wording elicited a much stronger response, registering 18 percentage points higher as a critical threat than "Islamic fundamentalism."

² "Climate change" is new wording in 2008 tested against the wording "global warming" used since 1998. This new wording elicited a weaker response, registering 5 points lower as a critical threat than "Global warming."

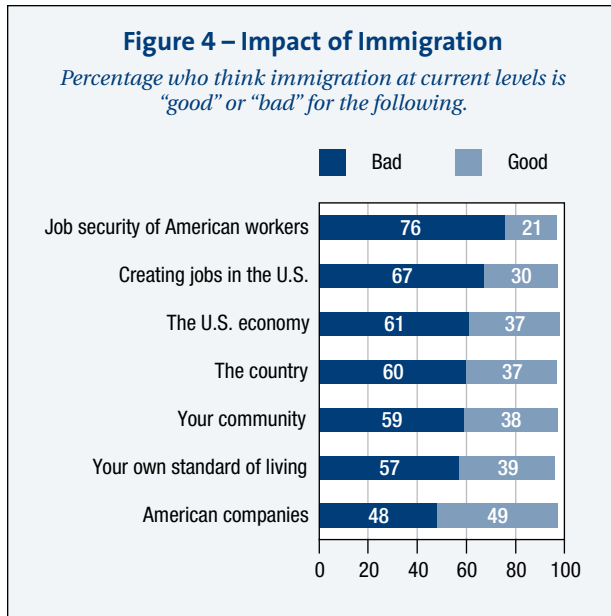
list of "very important" foreign policy goals. Based on the September results, they are now both more than 10 points higher than the goals of preventing the spread of nuclear weapons (down 20 points from 86% in 2002 to 66% in September 2008) and combating international terrorism (down 18 points from 83% to 65% in the same period).

In addition, disruption in energy supply is now seen as one of the top critical threats to the vital interests of the United States in the next ten years (see Figure 3). In the July 2008 survey it was the top threat, considered critical by 72 percent of Americans, up 13 points from 2006 and slightly ahead of international terrorism (70%), which has topped this list in every Chicago Council survey over the past decade (since 1998). In September 2008, in the midst of the financial crisis and following a decline in the price of oil, disruption in

the energy supply dropped slightly behind international terrorism as a top threat.

To support their concerns about energy, a majority of Americans are willing to rely on the military to help ensure the free flow of oil. Fifty-nine percent of Americans favor the use of U.S. troops to ensure the oil supply, a 14 point increase from 2006. This is a higher percentage than those who favor using U.S. troops to protect American allies like South Korea if attacked by North Korea (41%) and Taiwan if invaded by China (32%).

At the same time, Americans are ready to find new answers to the energy problem. According to the September results, 71 percent say investing in renewable energy is very important to the United States remaining competitive with other countries in the global economy. This places first out of ten possible items asked about (see Figure 8).



Immigration: Continued Unease

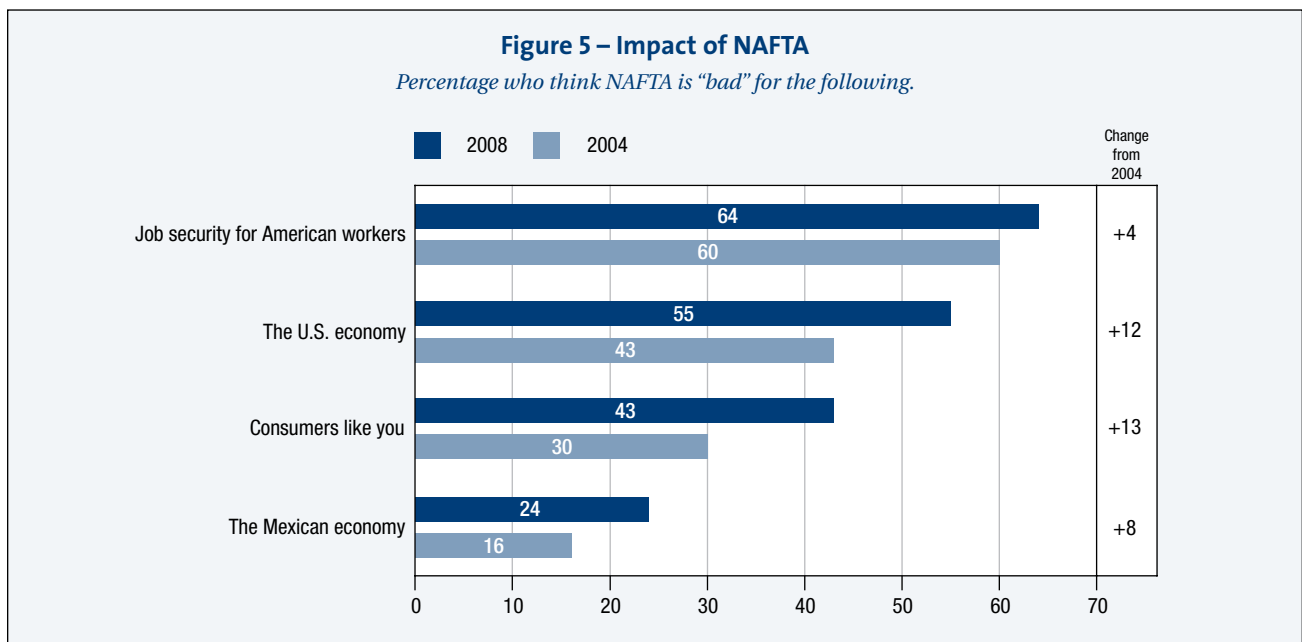
Immigration is another issue colored by feelings of economic insecurity. There is strong agreement among respondents that immigration “at current levels” (not specified as legal or illegal) is bad for most aspects of the U.S. economy (see Figure 4). A significant majority of the public (76%) views immigration as “bad” for job security, and a solid majority (67%) believes it is bad for creating jobs in the United States. Majorities of the public also

think that immigration is bad for the U.S. economy (61%), the country as a whole (60%), their community (59%), and their standard of living (57%). Opinion is divided on whether immigration is good for U.S. companies, with 49 percent saying it is good and 48 percent saying it is bad.

American concerns about immigration remain significant even when immigrants are explicitly defined as “legal.” When asked whether legal immigration into the United States should be kept at its present level, increased, or decreased, 46 percent of Americans favor decreasing legal immigration, with 39 percent preferring to keep it at present levels and only 15 percent favoring an increase. In the September poll, only 21 percent see continuing high levels of legal immigration as very important to the United States remaining competitive in the global economy, the lowest of a list of ten possible steps. Within the context of the present domestic economic turmoil and anxieties about economic well-being, immigration, like globalization, appears to be seen as contributing to the economic hardship of the average American.

NAFTA: Bad for the U.S. Economy

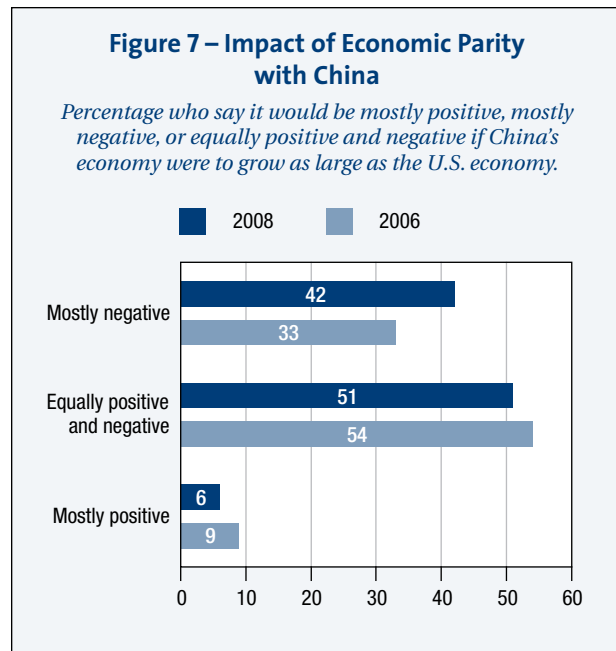
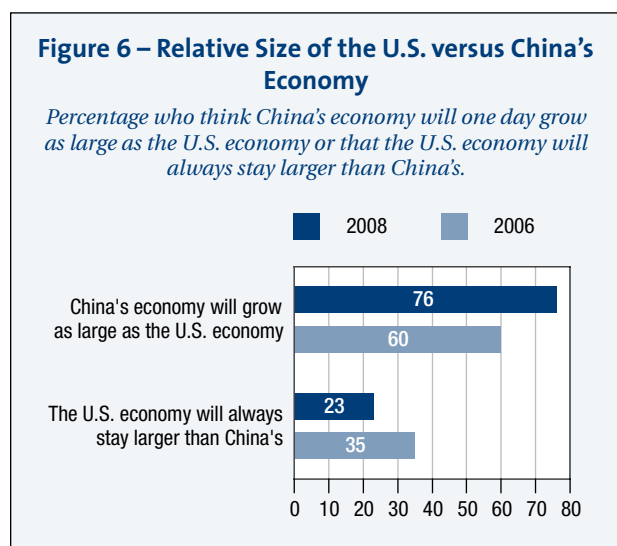
Views on NAFTA are also shifting due to economic worries. An increasing number of Americans



believe that the North American Free Trade Agreement (NAFTA) is generally “bad” for the United States. Fifty-five percent of Americans believe that NAFTA is bad for the U.S. economy, up 12 points from 2004 when the question was last asked, and 64 percent say it is bad for the job security of American workers, up 4 points from 2004 (see Figure 5). Interestingly, the number who say it is good for job security, though still half the number who say it is bad, is up 7 points over 2004 from 25 to 32 percent. As in 2004, majorities of Americans still think that NAFTA is good for consumers like them (53%) and the Mexican economy (70%). Generally speaking, the percentages of those thinking NAFTA is good on these questions have remained relatively unchanged since 2004. However, the percentage of respondents having “no opinion” on whether NAFTA is good or bad for the United States has decreased since 2004 and corresponds with an increase in those believing NAFTA is bad. This shift may be a result of increased attention to the North American Free Trade Agreement during the recent presidential primaries.

China: The Greatest Economic Threat

Americans are increasingly aware of the rise of China and realize that it could present a formidable economic challenge to the United States. This realization likely contributes to the overall level of economic anxiety felt by Americans.



There has been a sharp rise in the proportion of Americans who believe that China’s economy will someday grow to be as large as the U.S. economy. Three-quarters of Americans (76%) now foresee this, up from 60 percent two years ago (see Figure 6). This belief is coupled with a rise in awareness of the economic imbalance between China and the United States. In 2006 more Americans thought that the United States loaned more money to China (42%) than China loaned to the United States (24%). Now perceptions have, rightly, reversed. Forty percent recognize that China loans more money to the United States, while 34 percent incorrectly think the United States loans more money to China. More broadly, two-thirds (65%) now reject the idea that over the next fifty years the United States will continue to be the world’s leading power, saying instead that “another nation” (presumably China) will become as powerful or will surpass the United States (combined total up 10 points since 2006)—a striking loss of economic confidence.

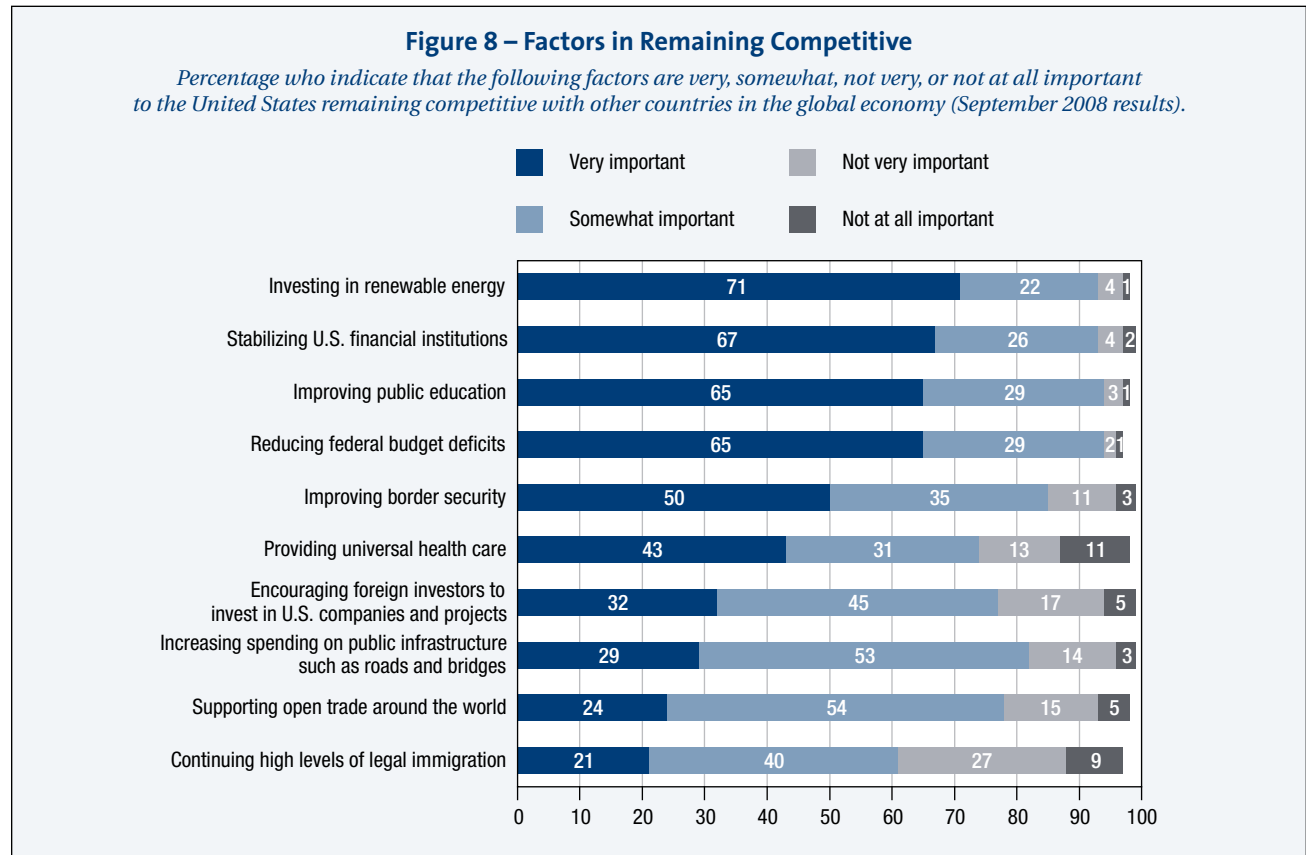
Reactions to the idea of China’s economy growing as large as the U.S. economy tilt toward apprehension (see Figure 7), with 42 percent saying this would be “mostly negative” (up from 33% in 2006) and only 6 percent saying “mostly positive” (51% say equally positive and negative). Fully

two-thirds of Americans (67%) believe that China practices “unfair trade,” a 9-point increase since 2006. China is the only one of six major trading partners that a majority of Americans now see as an unfair trader. This may partly reflect publicity about unsafe Chinese imports, but past Chicago Council studies suggest that charges of unfairness are often leveled at any country seen as a vigorous economic competitor of the United States. This was the case for Japan in the 1990s, for example. Such competition is commonly seen as threatening to American jobs and wages. For example, Americans who think globalization is bad for creating American jobs and for protecting the jobs of American workers are more likely to see China as an unfair trader.

The Solution Within

One of the most dramatic findings in the September follow-up poll is the sharp drop in those who see improving America’s standing in

the world as a very important foreign policy goal for the United States, down 32 points from 83 to 51 percent. The downward slide between July and September suggests a shift inward—an increasing focus on domestic problems as the economic situation at home worsens. These problems are throwing into question views on globalization, immigration, trade, energy, and China, suggesting a loss of confidence in U.S. economic might. In September, in the midst of the financial crisis, the solutions Americans see as most important to the United States remaining competitive in the global economy are investments at home—investing in renewable energy (71% very important), stabilizing U.S. financial institutions (67%), improving public education (65%), and reducing federal budget deficits (65%)—rather than outwardly focused policies such as encouraging foreign investors to invest in U.S. companies and projects (32% very important), supporting open trade around the world (24%), and continuing high levels of legal immigration (21%). The July results on this question are slightly more pronounced.



According to other July 2008 data released on September 22, 2008, as part of The Chicago Council's report "Troubled by Loss of Standing in the World, Americans Support Major Policy Changes," this internal focus is not a signal of increasing isolationism. Americans are still committed to alliances, international institutions, overseas military bases, and military interventionism under certain conditions. However, what these results show is that Americans are focusing on how to put their own house in order so the United States can better and more successfully engage with the rest of the world.

Methodology

This report is based on the results of two separate surveys commissioned by The Chicago Council on Global Affairs. The main survey results are from The Chicago Council's 2008 *Global Views* survey, which is a wide-ranging biennial survey on American attitudes towards U.S. foreign policy. The *Global Views* survey was conducted between July 3 and July 15, 2008. In light of the U.S. financial crisis in September 2008, the Council also commissioned a smaller survey between September 22 and September 26, 2008, to gauge whether any substantial changes in attitudes occurred due to the financial crisis.

The surveys were conducted by Knowledge Networks (KN), a polling, social science, and market research firm in Menlo Park, California. The July survey has a total sample of 1,505 American adults. Some questions were given to the entire sample population and others were given to a random two-thirds. The margin of sampling error for the July survey is between plus or minus 3.7 percentage points and plus or minus 2.5 percentage points. The September survey had a total sample size of 1,027 American adults. The margin of sampling error for the September survey is plus or minus 3.1 percentage points.

Both surveys were fielded using randomly selected samples of KN's large-scale, nationwide research panel. This panel is itself randomly selected from the national population of house-

holds with telephones. These households are subsequently provided Internet access for the completion of surveys (and thus the sample is not limited to those in the population who already have Internet access). The distribution of the sample in the Web-enabled panel closely tracks the distribution of United States Census counts for the U.S. population eighteen years of age or older on age, race, Hispanic ethnicity, geographical region, employment status, income, education, etc. To reduce the effects of any nonresponse and noncoverage bias in panel estimates, a poststratification raking adjustment is applied using demographic distributions from the most recent data from the Current Population Survey (CPS). The poststratification variables include age, race, gender, Hispanic ethnicity and education. This weighting adjustment is applied prior to the selection of any client sample from KnowledgePanelSM. These weights constitute the starting weights for any client survey selected from the panel.

Once the study data are returned from the field, the final qualified respondent data are subjected to an additional poststratification process to adjust for any nonresponse and noncoverage as a result of the study-specific sample design. The primary purpose of this poststratification adjustment is to reduce the sampling variance for any characteristics highly correlated with the representative study population's demographic and geographic totals (these are referred to as the population benchmarks). This adjustment also helps reduce bias due to survey nonresponse.

The panel is recruited using stratified random digit dialing (RDD) telephone sampling. RDD provides a nonzero probability of selection for every U.S. household with a telephone. Households that agree to participate in the panel are provided with free Web access and an Internet appliance (if necessary), which uses a telephone line to connect to the Internet and uses the television as a monitor. For more information concerning the methodology of the U.S. sample, please visit the KN Web site at www.knowledgenetworks.com.

Acknowledgments

The Chicago Council on Global Affairs, founded in 1922, is a prominent, independent, and nonpartisan organization committed to influencing the discourse on global issues through contributions to opinion and policy formation, leadership dialogue, and public learning. The Chicago Council has been conducting nationwide public opinion surveys on American views on foreign policy since 1974. These surveys provide insights into the current and long-term foreign policy attitudes of the American public on a wide range of global topics.

Christopher Whitney, now former executive director for studies at The Chicago Council, and Gregory Holyk, project consultant for the 2008 public opinion study, served as project directors. Silvia Veltcheva, program officer at The Chicago Council on Global Affairs, managed all aspects of the project. Other contributors included Marshall M. Bouton, Rachel Bronson, Catherine Hug, Steven Kull, Benjamin I. Page, Andrew Sherry, and Thomas Wright.

The Chicago Council is very grateful for the funding provided by the MacArthur Foundation and the United States-Japan Foundation that made this project possible. The Chicago Council will also release in fall 2008 a more comprehensive report that more fully examines the survey results. These and related reports will be available at www.thechicagocouncil.org.