March 2025

American Views on Economic Leadership

RealEcon's 2024 Nationwide Listening Tour

Matthew P. Goodman and Allison J. Smith

COUNCIL *on* FOREIGN RELATIONS

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The authors alone, and not any of the people mentioned here, are responsible for the analysis and views in this report, as well as for any errors or omissions.

EXECUTIVE SUMMARY

In the decades following World War II, the United States was the undisputed leader of the global economic system. It had the strongest economy in the world and championed a set of international institutions, rules, and standards that produced broad prosperity for Americans and many other peoples around the world. Few Americans questioned the United States' leadership of the global system.

That consensus began to fray in the 1970s, as major changes in the U.S. economy—including a declining number of manufacturing jobs, a rising cost of living, and growing economic inequality—together with an erosion of trust in Washington and failures of U.S.-led institutions, undermined support for U.S. economic leadership. Those trends were exacerbated by a series of shocks, from the energy crises of the 1970s to the 2007–09 financial crisis to the COVID-19 pandemic.

U.S. engagement in the global economy still produces substantial economic and strategic benefits for the United States, as well as disruptions and risks. The challenge for policymakers in Washington is to design a new approach to U.S. international economic engagement that maximizes the benefits, manages the downsides, and wins broad popular support. That is the goal of the RealEcon: Reimagining American Economic Leadership Initiative at the Council on Foreign Relations.

Listening to Americans' views is the first step to rebuilding a consensus. Between March and December 2024, the RealEcon team visited nine states and met with more than four hundred people—including local officials, business leaders, workers, farmers, students, and journalists—to hear their views on topics such as trade, foreign investment, and foreign aid. Out of those conversations, a number of themes emerged:

- **U.S. economic dynamism and insecurity live side by side.** Cutting-edge innovation is happening all around the country. However, many Americans are struggling with the high cost of living, especially for housing and childcare.
- **U.S. employers are struggling to find qualified workers.** Business leaders complain that many in the workforce lack requisite skills or are unwilling or unable to perform available jobs.
- **Manufacturing remains a vital part of the U.S. economy.** Despite significant job loss in the sector, manufacturing still plays an important role in spurring innovation, ensuring the production of critical goods, and preserving generational knowledge.
- **Americans' views on trade are complex.** Most understand the benefits of trade but are frustrated by unfair practices and the unequal distribution of trade's benefits.
- **Foreign direct investment is generally welcome—with caveats.** Most states are eager to attract FDI to create jobs and opportunity, but some critics are concerned that investments fail to deliver promised economic benefits.
- **Americans want to help other countries but have reservations about foreign aid.** Many understand the humanitarian and strategic value of foreign aid but have misperceptions about its costs and concerns about its use.
- **Concerns about China are more muted throughout the country than in Washington.** Despite concerns about national security and unfair trade practices, many Americans appear less animated about threats from China than debates in Washington would suggest.

These findings have implications for policymakers in Washington. Specifically, international economic policy would benefit from more local input; Americans want the tools to compete—in a fair fight; and communicating the costs and benefits of policies is vital.

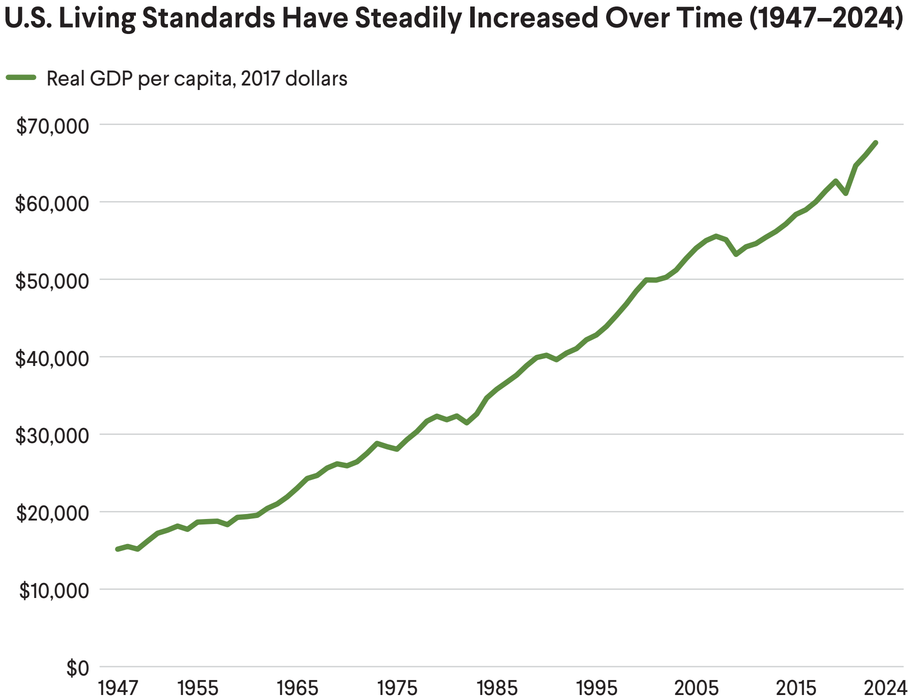
The 2024 listening tour will serve as a foundation for further research and debate on policies that are more grounded in reality and better aligned with interests outside the Beltway. The tour's findings will thus contribute to RealEcon's mission of promoting a more durable consensus on the appropriate role for the United States in the international economy, one that promotes broad U.S. interests and wins the support of the American people.

INTRODUCTION

For working Americans in 1961, economic life was as good as it had ever been. Some 28 percent of nonfarm workers were employed in the manufacturing sector, taking home pay and benefits of around \$6,200—roughly \$66,000 in today's dollars.[1] The average single-family home was valued at under \$12,000—roughly twenty-three months of income—compared to the sixty months of income that a new home costs today.[2] CEOs of that decade were paid around 20 times what the average worker earned, compared to almost 350 times in 2022.[3] Meanwhile, the United States was mostly at peace in 1961: the Korean War was nearly a decade in the past, and the country was not yet embroiled in conflict in Vietnam.

That same year, in an event in Paris that few Americans noticed, the United States and other advanced countries established the Organization for Economic Cooperation and Development, the latest in a series of international institutions set up after World War II to promote U.S.-preferred economic rules and standards. And most Americans did not pay much attention the following year when Congress passed the Trade Expansion Act, which set the stage for the launch of a new "Kennedy Round" of global trade negotiations. This was the work of Washington, which was generally trusted by Americans to get on with running the global economy, as it had done with little opposition since the end of the war.

The early 1960s were arguably the high-water mark of support for U.S. economic leadership in the world.[4] Of course, increasing prosperity overall masked many specific economic and social ills, but most boats were rising. Americans generally either approved of Washington's economic policies or were not paying all that much attention to them. This consensus, even if only implicit, enabled successive



Source: Federal Reserve Bank of St. Louis.

administrations to create and oversee international economic institutions, rules, and standards designed to advance U.S. economic and strategic interests.

WHAT WENT WRONG

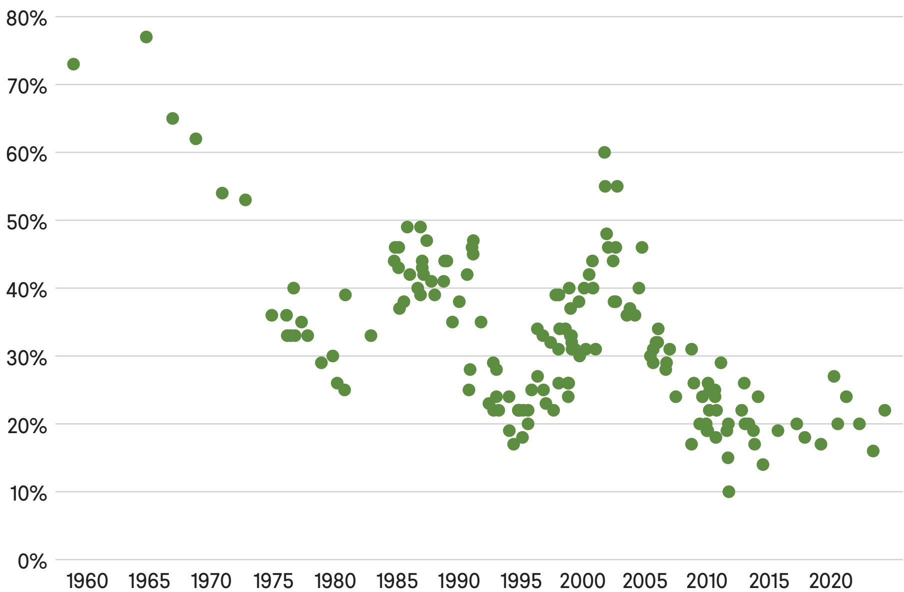
A decade later, that consensus began to fray. Several forces came together to erode support for the old model. Major shifts in the U.S. economy—including technological progress that displaced jobs in the manufacturing sector, globalization of supply chains that moved production offshore, rising healthcare costs, the end of defined-benefit pension plans, and growing inequality—undermined many Americans' belief that the economic system was working for them. All of this was punctuated by a series of economic shocks: the energy crises of the 1970s, the Japan challenge in the 1980s, the China shock at the turn of the millennium, the global financial crisis of 2007–09, and eventually the COVID-19 pandemic.[5]

> “Outside of the city [of Pittsburgh], you have gutted steel towns with no resources, no government, no schools.”
>
> —*Former politician for the City of Pittsburgh*

Those economic dislocations were amplified by two other forces. First, the debacles of Vietnam and Watergate in the 1970s triggered a long-term decline in Americans’ trust in Washington—with only about a quarter of Americans stating that they could trust the government at least most of the time by 1980, compared to a record high of 77 percent in 1964.[6] And second, the global institutions and initiatives that the United States created and championed following World War II have become increasingly less effective as a result of overreach by their

American Public Trust in the U.S. Government (1960–2024)

Percent of Americans who say they trust the government to do what is right just about always or most of the time



Source: Pew Research Center.

bureaucracies, growing unwillingness by the United States to foot the bill or be constrained by rules that Washington itself wrote, and challenges from new players—especially major emerging countries such as China, India, and South Africa—that want more say in running those institutions but are also violating or obstructing many of their rules and practices. All of this has undermined support for American economic leadership in the world.

DOES AMERICAN LEADERSHIP STILL MATTER?

Many academic studies, as well as practical evidence, show that the institutions, rules, and policies that the United States put in place in the decades following World War II produced enormous benefits for the U.S. economy and for U.S. strategic interests.[7] The overall size of the economy grew from $243 billion in 1947 to roughly $29 trillion in 2024.[8] A vast array of inexpensive consumer goods was made available through the elimination of tariffs and other barriers to imports, while import competition spurred innovation and growth at home. Trade and investment agreements negotiated by Washington opened new markets abroad for American products and services and established fairer rules for global commerce.

The strategic benefits of U.S. economic leadership were also substantial. Deeper trade and investment ties strengthened relations with U.S. allies, who in turn helped promote the institutions, rules, and standards that Washington championed. More open trade and investment flows, as well as foreign assistance, supported development in lower-income countries and helped raise billions of people out of poverty. Those American economic offers did not guarantee peace, but they did create more stability and support for U.S. security goals. They also gave Washington substantial leverage to drive other countries, rich and poor, to adopt U.S.-preferred economic rules and standards.

But for all those benefits, two other things about the U.S.-led global economic system were also true: more open trade and investment flows caused disruption at home, and their gains were not evenly distributed to all Americans. The fact that trade produced efficiencies and lower costs was little consolation to businesses and workers in less-competitive sectors that, for various reasons, were unable to shift to new areas. Throughout the disruptions of the past several decades, Washington failed to provide necessary support to ease those transitions by improving skills and offering meaningful support for those left

A person walks on Donner Avenue in Monessen, Pennsylvania, with a view of the Cleveland Cliffs Coke Fuel Plant in the background. (Ryan Collerd/AFP via Getty Images)

behind.[9] Among its other consequences, this contributed to the erosion of support for U.S. leadership in the global economic system.

If U.S. economic leadership brings broad benefits, even if it comes with some downsides, then it would seem to be worth sustaining. But without domestic support, U.S. leadership is not possible. So, having a clear understanding of why support has eroded—and what to do about it—is essential.

There is extensive academic literature on the domestic disruptions that have undermined support for U.S. leadership in the international economy, and polls regularly capture Americans' attitudes toward trade, foreign aid, and U.S. engagement in the international economy.[10] But whether those broad assessments give an accurate picture of what individual Americans think and want—let alone whether they are getting through to Washington and shaping policies—is far less clear.

Over the past decade, such questions have prompted a series of listening tours "outside the Beltway" by scholars, former officials, journalists, and others.[11] While each has differed in its methodology and focus, all have revolved around talking to Americans in various parts of the country and walks of life to understand their perspectives on issues relevant to national policy.

Listening tours of this kind are a regular and important part of the field of ethnography and serve several valuable purposes. They provide a reality check on academic studies, polling results, and conventional policy wisdom in the nation's capital. University of Wisconsin–Madison political scientist Katherine Cramer points out that large public surveys help us understand what a significant part of the population thinks about a topic at a specific time. However, as Cramer explains, a person can talk about an issue one way during an informal conversation over coffee and completely differently when a pollster calls. Both responses are important for understanding a person's perspectives and why they respond in a certain way.[12]

Social scientists have found that people generally decide their policy views based on a combination of social and cultural concerns—sense of self, geographic location, lived experiences, and perceptions of economic conditions—rather than on objective data.[13] When asked about trade, foreign investment, or foreign aid, people may not have personal experience or knowledge but answer based on their identity as a part of a certain group.[14] For example, American manufacturing workers could describe themselves and their communities in face-to-face interviews as "hardworking," attributing this to their region's industrial legacy. This collective sense of a strong work ethic likely influences how they answer questions (e.g., desiring policy that rewards their hard work). This kind of perspective often fails to come through in polls, academic studies, or policy deliberations in Washington.

By adding more nuance and real-world evidence to policymakers' understanding of what Americans think and how policy affects them, listening tours can improve the design and execution of policy in Washington. They can also help rebuild trust between policy elites and Americans outside the Beltway, which is a necessary first step toward restoring a consensus on the appropriate role for the United States in the global economy.

> “Foreign policy may seem far removed from our lives, but it does matter to our personal lives. It takes time to understand how it matters.”
>
> *—Farmer in Wisconsin*

THE REALECON LISTENING TOUR

The mission of CFR’s RealEcon Initiative, launched in April 2024, is to help rebuild a durable consensus on U.S. leadership by offering ideas on international economic policy that are both beneficial to broad U.S. interests and supported by most Americans. We concluded early on that the road to that consensus starts with listening. It led us to launch a nationwide tour in 2024, which is the subject of this report.

We acknowledge that insights gathered from a few hundred Americans in relatively brief, unstructured meetings provide anecdotal, not

The RealEcon team meets with community leaders at a workforce roundtable at Pima Community College. From left to right: Matthew P. Goodman, Barbra Coffee, Karla Morales, Ian Roark, Susan Dumon, Heath Vescovi-Chiordi, and Allison J. Smith. (Pima Community College) scientific, evidence of views across the country. The findings from our tour need to be married with research, polling data, and expert analysis if they are going to be the basis for fully formed policy recommendations. In this report, we have made a first attempt at merging those different inputs, and we plan to continue those efforts. But we found tremendous power in the conversations we had on the tour and believe the rich insights we gathered will meaningfully contribute to RealEcon's policy-related work going forward.

METHODOLOGY

In six week-long trips between March and December 2024, we visited nine U.S. states touching most corners of the country: Florida, Wisconsin, Pennsylvania, New York, Arizona, Michigan, Massachusetts, New Hampshire, and Oregon.[15] We met more than four hundred people, including local officials, business leaders, union representatives, workers, farmers, students, educators, and journalists, among others. They represented all political persuasions—or none.

To arrange meetings, we reached out to CFR's national membership and institutional contacts, received introductions from local community leaders with vast networks, and in some cases made cold calls. We also tapped into relevant CFR events in Washington, DC, and New York City, such as workshops with the State International Development Organizations (March 2024) and local journalists (May 2024).

The settings of our interviews varied, as did the types of participants. We hosted a dinner for around thirty-five CFR members and guests at a hotel in Miami. We met with students on university and community-college campuses in groups ranging from three to thirty. Local officials and journalists met us for one-on-one conversations in their offices or coffee shops. Local economic development agencies helped us pull together roundtables with between six and twenty business leaders. We also visited farms, steel and timber mills, and a copper smelter. We did not compensate respondents other than to pay for an occasional coffee or meal.

The main purpose of the interviews and discussion groups was to ask for views on trade and investment, development, and economic security—the RealEcon Initiative's three areas of policy focus. However, we first asked our interlocutors to describe the local economy and the opportunities and challenges facing the community. This provided helpful context on why respondents answered our questions on international economic policy the way they did.

Our policy-related questions focused on trade, foreign investment, foreign aid, climate change, industrial policy, and technology. Instead of "economic security," a term that means something different to most Americans than to Washington policymakers, we asked for views on China and national security issues.[16] We did not stick to a standard questionnaire but varied the order of opening and follow-up questions depending on the setting, as well as the expertise and interests of the people we met.

THEMES: WHAT WE HEARD

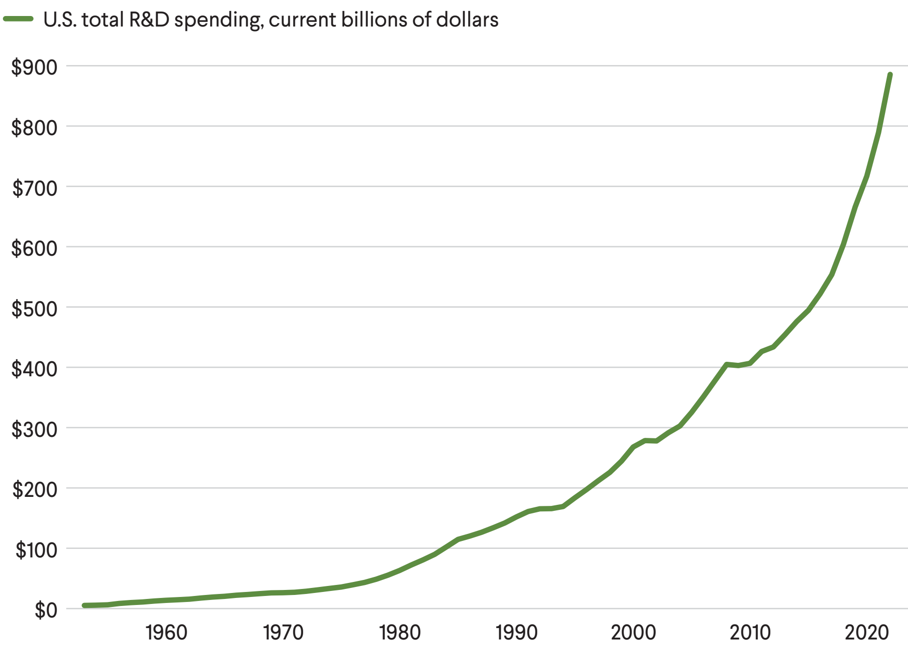
Throughout the nationwide tour, we heard a wide range of views on many topics, from innovative ecosystems to the lack of broadband access in rural areas to water conservation efforts in the desert. Geographic differences were certainly evident; Arizonans were naturally more concerned about rising temperatures than Wisconsinites. We found that in cities near international borders, such as Buffalo, Miami, and Tucson, people have a greater appreciation for trade because they witness their economies' dependence on it.

The United States has more than 330 million people, and it is difficult to confidently draw conclusions about what Americans think. However, from the many meetings we had across the country, seven common themes emerged about RealEcon's areas of policy focus and broader economic concerns. Three themes came up in every state we visited that relate to the domestic foundations of international economic policy: innovation and insecurity, a struggle to find qualified workers, and the continued importance of manufacturing. The remaining four themes capture Americans' nuanced views on trade, foreign direct investment, foreign aid, and competition with China. In each case, we first summarize economic and polling data and expert opinion on the issue, then recap what people across the country told us.

U.S. ECONOMIC DYNAMISM AND INSECURITY LIVE SIDE BY SIDE

The United States is the wealthiest country in the world, with a gross domestic product (GDP) per capita of $82,769 in 2023.[17] Discounting the disruptive effects of the global financial crisis of 2007–09 and the COVID-19 pandemic, annual real growth of the U.S. economy over the past two decades has averaged more than 2 percent.[18] In 2023 alone, growth in real GDP was 2.5 percent, the stock market rose 26 percent, and nationwide unemployment was 3.7 percent in December.[19] Moreover, the United States is widely recognized as the most innovative country in the world. It spends more than any other on research and development (R&D), with $886 billion in gross domestic expenditures going to R&D in 2022.[20] It is also the world leader in innovative technologies, advanced pharmaceuticals, and many service industries.

Total Spending on Innovation in the United States (1953–2022)

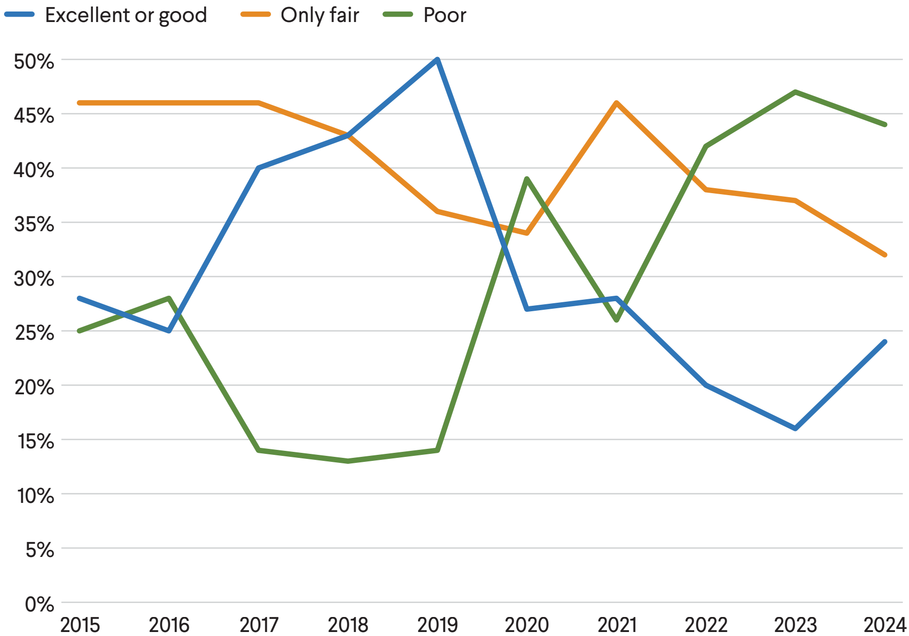


Source: National Center for Science and Engineering Statistics.

Despite the country's unparalleled economic dynamism, many Americans feel a persistent sense of economic insecurity. This stems from multiple sources, including poor employment prospects for people without a four-year degree, the high cost of living (especially as it relates to healthcare and housing), and the relative lack of a financial safety net. Research shows that many Americans with an annual income of $40,000 to $60,000 worry that they cannot afford healthcare, a house,

Americans' Views on U.S. Economic Conditions (2015–24)

Responses to the question "How would you rate economic conditions in this country today?"



Source: Gallup.

a car, and tuition, creating a precarious situation of instability and constant stress about being one missed bill away from economic ruin.[21]

A Gallup poll in May 2024 found that only 22 percent of Americans rated the U.S. economy as excellent or good compared to 46 percent who called it poor.[22] When asked about what they expect economic conditions in the country to be a year from now in a Pew Research poll, 24 percent of respondents replied "better," 43 percent "about the same," and 32 percent "worse."[23]

What We Heard

Our tour gave us a window into both the dynamism of the U.S. economy and the insecurity felt by many Americans. In Pittsburgh, for example, we heard about cutting-edge research in hardware and robotics, biomedical technology, and software. We visited the headquarters of a robotics company that produces small, wheeled robots with sensors that assess the condition of large infrastructure such as boilers and bridges, a once-dangerous job for workers who had to climb those structures on ropes to take measurements. In Arizona, the sense of optimism about the surge of new advanced manufacturing investment in the state, in sectors such as semiconductors and aerospace, was palpable.

Yet in Pittsburgh, in Arizona, and across the country, we heard repeatedly from individual Americans about the high cost of living and the lack of affordable housing and childcare. A student in New Hampshire feared that he would never be able to own his own home. Another student at the same community college was worried that artificial intelligence (AI) would put him out of his job at a bank. Farmers in rural Wisconsin explained how population loss has created concerns about the quality and accessibility of public education as teachers leave and schools consolidate. At a steel mill in Butler, Pennsylvania, some workers feared that proposed environmental regulations could result in high operating costs that would eventually close the mill.

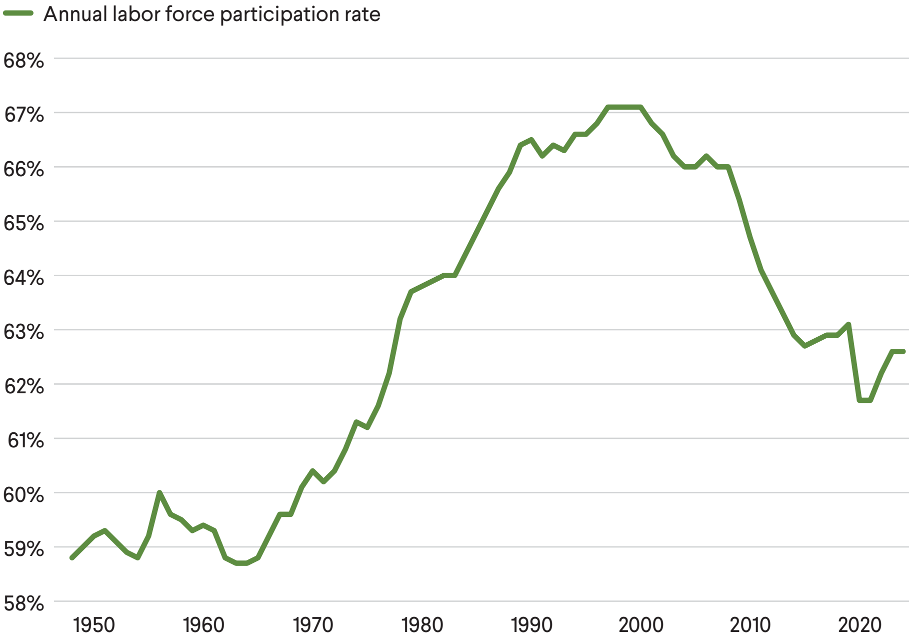
The insecurity we saw in some places was about more than merely making ends meet. A businesswoman in Pennsylvania's Shenango Valley explained that young people in the area "grew up eating bitterness" as their parents lamented the loss of the area's former steel mills. Even with the recent economic gains and slow revival of the area, that bitterness remains. In Buffalo, an outside real estate investor said he was surprised by the city's pervasive cynicism despite the obvious economic opportunities.

> "The bitterness that young people grew up eating. At the dinner table, their parents are talking about how everything is gone."
>
> —*Businesswoman in the Shenango Valley*

U.S. EMPLOYERS ARE STRUGGLING TO FIND QUALIFIED WORKERS

The relatively low national unemployment rate of around 4 percent masks a problem: employers across the nation are struggling to find qualified workers. The labor force participation rate (defined as the number of people currently employed or actively searching for work divided by the total population eligible for work) declined from 66.9

A Decreasing Percentage of Americans Are Joining the Labor Force (1948–2024)



Source: Federal Reserve Bank of St. Louis.

percent in 2000 to 62.5 percent in November 2024.[24] The U.S. Chamber of Commerce attributes the labor shortage in part to early retirements caused by the COVID-19 pandemic, low levels of migration, childcare concerns, a record number of start-ups, and increased savings. The Chamber also notes that there were around 8 million job openings in November 2024, but only 6.8 million unemployed workers, meaning that if every employable person returned to work, there would still be more than a million unfilled jobs.[25]

In a June 2024 iSolved survey, business owners across the United States in various sectors cited "increased employee relations challenges" (37 percent) and "difficulty recruiting top talent" (31 percent) as the top two reasons making business ownership more complicated in the last five years. Fifty-seven percent of respondents said that being understaffed cost them business in the last twelve months, and the same percentage blamed employees' lack of skills.[26] A February 2022 Pew Research Center survey found that among American employees who quit their jobs in 2021, the top major reasons were insufficient pay (37 percent), feelings of disrespect at work (35 percent), no advancement opportunities (33 percent), childcare issues (24 percent), not enough flexibility in hours (24 percent), and insufficient benefits, including health insurance and paid time off (23 percent).[27]

What We Heard

Business leaders in the states we visited highlighted educational and social factors keeping people from work. Employers said that many candidates lack the skills and training required for openings, which they partly attributed to the nationwide cultural push for young people to attend college and pursue certain careers such as computer programming and finance. In their view, this has created a shortage of much-needed blue-collar workers. According to a workforce expert in Arizona, most high schools are systematically designed to prod students toward four-year degrees even when industries need skilled tradespeople. In Oregon, a state workforce official said that students lack employability skills, like teamwork and problem-solving. Business owners in Pennsylvania talked about workers' inability to pass drug tests and their lack of basic numeracy skills, both essential requirements for operating increasingly automated manufacturing equipment.

Respondents in multiple states mentioned the undesirability of certain jobs as another factor. Few want jobs in mining and agriculture because they are so physically demanding. In Oregon's fishing industry, there is a shortage of processors because filleting is difficult work and requires a specific skillset to meet quota expectations. An employee of a steel distributor in Sharon, Pennsylvania, argued that people across the nation are "underemployed and . . . happy with that" because they want an "easier world" with the flexibility to work from home and make their own hours, conditions which manufacturing operations do not offer.

Geographic considerations also play a role. At a roundtable in Pennsylvania, one person explained that once young people have highly employable skills, they leave rural areas and small cities for large urban centers like Pittsburgh where the opportunities are better and the nightlife more vibrant. If a place is deemed stale with nothing interesting to do, people leave, and local businesses have difficulty attracting talent.

Finally, the lack of affordable childcare, housing, and transportation options makes work economically unfeasible for many. People in almost every state cited the lack of affordable childcare as a nationwide problem keeping people out of work. Childcare is often more expensive than college tuition and makes leaving the workforce and staying home with children a more economically attractive option. The commissioner of a rural county in Oregon told us that the lack of affordable housing has become a barrier to economic development because workers cannot afford to live near their jobs, a theme repeated across the country.

> "Lack of housing is a barrier to economic development; no workforce can afford to be there [where there are work opportunities]."
>
> —*County commissioner in Oregon*

Many communities are finding solutions to workforce challenges, including innovation hubs and targeted training programs at community colleges. In Pittsburgh, we toured the Energy Innovation Center, a non-profit organization that works with industry and community partners to provide a multiuse space that houses start-ups, art studios, a replica hospital wing for hands-on training, and an energy grid for R&D.[28] At Pima Community College's downtown campus in Tucson, we visited the recently constructed Center of Excellence in Applied Technology, which includes a classroom for students to train on industrial equipment provided by local companies.[29] Pima also does outreach to middle-school students, underrepresented communities, and people restarting their careers to make them aware of rewarding career opportunities. A system of earning digital "badges" in Oregon's grade schools that can be turned into credits at the college level seeks to incentivize students to develop professional skills that will make them more employable.

Another potential—albeit controversial—solution that we discussed in every state was immigration. A local journalist in Wisconsin estimated that over 70 percent of the workers on dairy farms in the state are immigrants. During a roundtable on a dairy farm in northern Wisconsin, one farmer, pointing to the surrounding fields, memorably said, "You would have dead cows if you did not have the immigrants." Fruit and wheat producers in rural Oregon rely on immigrants for seasonal work, because teachers and students who previously worked in the summers are no longer interested in the demanding work.

> "You would have dead cows if you did not have the immigrants."
>
> —*Farmer in Wisconsin*

American farmers are not the only ones who rely on immigrant labor. According to an employee at a biotechnology company in Boston, skilled immigrant labor is a driver of the local economy as immigrants conduct research in the biotechnology, engineering, and finance sectors. By contrast, an Arizonan business leader argued that the United States should focus on getting the roughly 40 percent of people already in the country who are not participating in the labor force back to work first before bringing in more immigrants to fill jobs.

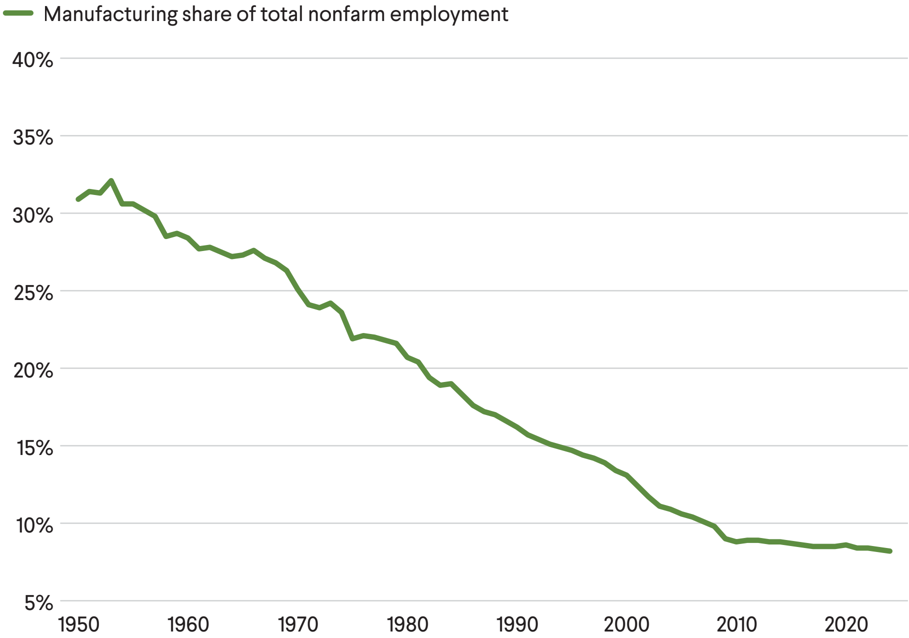
MANUFACTURING REMAINS A VITAL PART OF THE U.S. ECONOMY

As a share of U.S. employment, manufacturing jobs have plummeted from 33 percent in 1947 to 8.3 percent in 2023, while services employment has risen from 60 percent to 81 percent of the labor force.[30] Defining "manufacturing" itself can be difficult, because it increasingly includes supportive service jobs, such as outsourced R&D, which are excluded in the U.S. Census Bureau's definition.[31]

Manufacturing's share of nominal GDP declined from 28.1 percent in 1953 to 10.3 percent in 2023, although as a share of real GDP—discounting for price increases—the figure has changed very little, shrinking from just over 12.0 percent in 1947 to 10.2 percent in 2023.[32] Spurred by federal subsidies, there has been a surge in investment in manufacturing, rising from under $100 billion in January 2021 to $223 billion in February 2023.[33] This shows that despite the collapse of jobs in the sector, manufacturing remains a significant part of the U.S. economy—and helps explain why it still plays a central role in debates about trade, U.S. competitiveness, and national security.

The public is of two minds about manufacturing. According to a Cato Institute poll in February 2024, 80 percent of respondents said the United States would be better off if more Americans worked in factories. However, only 25 percent said that they themselves would like to work in a factory.[34]

Manufacturing Employment in the U.S. Has Decreased Over Time (1950–2024)



Source: Federal Reserve Bank of St. Louis.

What We Heard

On our tour, we visited a number of manufacturing sites, including a food-processing facility in Wisconsin, a steel mill and a robotics company in Pennsylvania, a copper smelter in Arizona, and a veneer mill in Oregon. We witnessed the technical sophistication of the production processes and the specialized training and knowledge required. For example, the steel mill we visited uses a unique process to make high-quality electrical steel, a specialty steel that conducts electricity through transformers and other devices. Most workers at the mill had benefited from both formal and hands-on training, as well as knowledge passed down from multiple generations of family workers at the mill.

Maintaining a domestic capability to produce critical goods, preserving generational knowledge, and sparking innovation—much of which takes place not in laboratories but on the shop floor through trial and error—were some of the arguments we heard for sustaining a solid U.S. manufacturing base.[35] A university student in Boston argued that the United States needs to preserve generational knowledge of manufacturing because, once lost, it is difficult to regain. In Wisconsin, a businessman explained that the United States "lost the innovation loop" when manufacturing shifted overseas. Now, foreigners are taking over Wisconsin's legacy companies, he said, because they have advanced technology, while some U.S. manufacturers are still using technology from the 1920s.

> "Once you lose the ability to make things, then it's really hard to get that back."
>
> —*Student in Boston*

Across the country, we heard concerns about depending too much on other countries for critical goods vital to U.S. national security interests. Some Butler steelworkers emphasized that having a solid manufacturing base in electrical steel is critical for national security and defense because it is used to support the country's power grid. In Pittsburgh, the CEO of a local nonprofit was happy to see that manufacturing was returning to the United States after what he perceived as lost decades of production and excessive offshoring.

Some of the people we met perceived manufacturing jobs as more stable than service jobs. At a discussion group in Stevens Point, Wisconsin, a former school-board member was worried about the shift in the local job base from industry to the services sector. She characterized local service jobs as "unsustainable," with low wages and little job security. Good union jobs had disappeared, she said, and the state never replaced lost manufacturing jobs with better ones. A young steelworker in Pennsylvania proudly asserted that the mill provided long-term stability and good pay.

Not everyone shared this view. In Michigan, a working mother described low-level manufacturing jobs as "uneconomical," explaining that the median wage of $44,000 a year was insufficient to meet the high cost of living. Others pointed out that those jobs often carry a negative stigma; a Mexican American executive in Tucson argued that many Latino parents believe it is better for their children to become doctors and lawyers rather than work in the trades.

When we asked about the perceived causes of declining U.S. manufacturing, we heard a range of answers. A student in Stevens Point attributed the disappearance of papermills in Wisconsin to changes in technology and a decrease in global demand. In Oregon, a state official blamed the decline of the timber industry on globalization—including competition from large vessels with onboard milling capabilities that traverse international waters to avoid taxes. A former steelworker in Buffalo listed a combination of factors, including failure to adapt to technological change, poor management decisions, union power that pushed up wages and drew production to Southern right-to-work states (where unions cannot negotiate employment contracts), and unfair foreign trade practices.

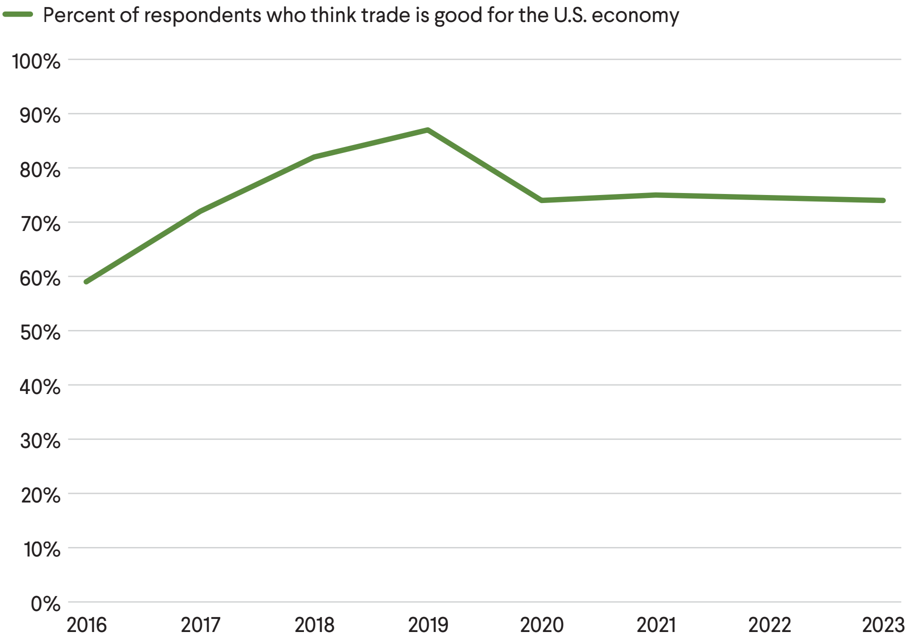
AMERICANS' VIEWS ON TRADE ARE COMPLEX

Trade is one of the most polarizing issues in public policy today. Economists generally believe that trade broadly benefits a country by giving consumers access to a greater array of goods and services at a lower cost, creating export markets for American companies, and increasing domestic competitiveness by spurring competition and innovation.[36] Tariffs and other barriers to trade impose costs on downstream producers and ultimately consumers. But trade also causes disruption, as less-efficient companies and their workers are displaced by import competition. Those problems are exacerbated when other countries engage in unfair trade practices, including market-entry barriers, excessive subsidies, and intellectual property theft. Government policies at home that fail to ensure that the gains from trade are evenly distributed and fail to provide workers with the support they need to adjust to shifting economic conditions also undermine support for trade.

Polling data shows that Americans broadly understand the need for international trade. A Chicago Council on Global Affairs poll taken in June and July 2024 found that 75 percent of respondents believe trade is good for the U.S. economy, 81 percent believe trade is good for consumers like themselves, and 81 percent believe trade is good for their personal standard of living.[37] However, 66 percent of respondents wanted restrictions on imported goods to protect American jobs. Nearly two-thirds believed that U.S. businesses should compete without government handouts, but 39 percent said those businesses need public financial support when other countries engage in unfair competition. And 75 percent of respondents were concerned that special interest groups were lobbying the government for tariffs and other trade restrictions.[38]

Americans' Attitudes Toward Trade (2016–23)

Responses to the question: "Overall, do you think international trade is good or bad for the U.S. economy?"



Source: Chicago Council on Global Affairs Survey.

What We Heard

Most people we spoke with on the RealEcon tour understood the benefits of trade in making more low-cost imports available to consumers and expanding overseas markets for U.S. exports. However, many of those same people had seen disruption in their communities and attributed at least some of that to the forces of trade and globalization.

A mother of five in Michigan said her children's clothes were made in China because she could not afford anything else. In Oregon, regional economic development officials, business leaders, and farmers maintained that, on aggregate, the state has benefited from trade, as companies such as Nike and Columbia design products in the United States and produce them all over the world. Farmers around the country confirmed that they have done well exporting their products overseas.

Even those who support trade in theory said they want to be sure they are receiving its full benefits. As a policymaker in Florida explained, the average person in the state has shifted their view from supporting as many trade arrangements as possible to prioritizing trade policies that produce the best deals with other countries and ensure those deals are enforced. One former state politician explained that in rural Wisconsin, people feel that they have been taken advantage of with past trade arrangements, as other countries imposed tariffs on U.S. goods and Washington did nothing in response. As a result, he said, some Wisconsinites want "to blow it all up and go home." For some, the North American Free Trade Agreement (NAFTA), enacted in 1993, is seen as the embodiment of unbeneficial trade policy. According to a former steelworker in Buffalo, NAFTA was a problem for the industry in the 1990s not because of competition with Latin America, but because other countries used Mexico as a loophole to dump cheap steel into the United States. In other places, notably southern Arizona, NAFTA was viewed much more favorably.

> "The average person has had a shift in their broader perspective. Trade law is a priority [now] as they just want to get a good deal with any country."
>
> —*Policymaker in Florida*

Many business owners we spoke to were very concerned about the U.S. government's failures to adequately address unfair practices. The owner of a pipe and tube business in the Shenango Valley explained how countries such as Oman and South Korea import Chinese, Iranian, and Russian steel; produce tubing; and then export the final product to the United States, undercutting U.S. producers like himself. Tariffs have not fixed the problem, he said, forcing him to hire expensive lawyers in Washington to bring one unfair trade case after another.

Even when there is a level playing field, trade policy affects people, industries, and companies differently depending on geography and local economic factors. For example, we heard that many Florida farmers of blueberries, avocados, and other produce oppose open trade with Latin America because growers in Brazil and Mexico have a competitive advantage due to their longer growing seasons. In contrast, dairy and ginseng farmers in Wisconsin said they are unhappy with trade restrictions imposed in Washington because their products are competitive internationally and they often face retaliation from other countries.

We heard concerns in several parts of the country about large American companies and special interest groups dominating trade policy and harming local communities. A dairy farmer in Wisconsin explained that promoting agricultural exports is important but should be done sustainably. He expressed concern that a handful of multinational agricultural corporations, which are price makers for local producers, have an outsized influence on trade policy.

FOREIGN DIRECT INVESTMENT IS GENERALLY WELCOME —WITH CAVEATS

The total stock of foreign direct investment (FDI) in the United States increased from less than $1 trillion as of the end of 1999 to $5.5 trillion as of 2023. Manufacturing FDI, the largest category, accounts for about 42 percent ($2.2 trillion), and finance and insurance account for about 11 percent ($0.6 trillion). Foreign-owned operations directly account for around eight million jobs in the United States, not including the many ancillary jobs that support those operations. By ultimate beneficial owner, Japan was the largest investor in the United States in 2023, accounting for 14.8 percent of the total stock of inbound investment, followed by Canada (13.0 percent), the United Kingdom (12.6 percent), and Germany (11.8 percent).[39]

Supporters of increased FDI into the United States point out that foreign multinational firms' operations in the United States create some of the highest-paying jobs in the country, which could be part of the solution to stagnant working-class wages. They cite findings that those companies tend to be more productive, conduct more R&D, and export more goods and services than other firms. Often, they also invest in local communities.[40] At the same time, FDI can create national security concerns, including giving adversaries access to critical dual-use technologies and enabling espionage and subversion.[41] And some critics argue that subsidies, tax breaks, and other federal and state incentives to entice foreign investment into the United States are a waste of taxpayer money.[42]

According to a March 2024 Advocus poll, 41 percent of Americans had negative feelings about FDI flowing into their state, 29 percent had positive feelings, and 30 percent were unsure. When asked what comes to mind when they think about foreign investment in their state, 39 percent of respondents cited "potential foreign influence," 30 percent cited "job creation," and 14 percent cited "increased tax revenue."[43] Those results could reflect different perceptions of greenfield (i.e., brand new)

Steelworkers attend a rally on December 12, 2024, in support of the sale of U.S. Steel to Nippon Steel in Clairton, Pennsylvania. (Getty Images)

investment, which is generally welcome, and foreign acquisitions of existing U.S. operations, which can be seen as leading to job losses or culture clashes.

What We Heard

In almost every state we visited on the tour, we had the opportunity to meet with local officials who work to attract foreign direct investment into their state through economic development organizations. We also asked students, workers, and others for their views on FDI.

Most—but not all—of our interlocutors were supportive of FDI. At a roundtable in Madison, a leader of a state economic development organization told us that the average Wisconsinite does not care who owns a company but is interested instead in whether the owner is a good employer who provides high salaries and decent retirement benefits and invests in the community. To a local elected official in Arizona, foreign investment means high-wage manufacturing jobs that help alleviate local poverty. In Oregon, the majority of FDI is in the I-5 corridor, largely benefiting those in this narrow region; Oregonians outside of the corridor, we heard, are likely to view FDI less favorably because it competes with local companies.

Investments from some countries are perceived as potentially undermining U.S. values or interests. One student in Michigan explained that most Americans support FDI, except from China, because the country is seen as a national security threat and economic competitor. In Arizona, a local elected official told us about opposition to Saudi Arabian investment in the agricultural sector, less because of the foreign-ownership dimension and more because some of the investments were highly water-intensive and denied that essential resource to locals.

Some Wisconsinites in Stevens Point worried that smaller towns and cities had become too dependent on foreign companies that do not have a vested interest in the local community; when those companies pull out, the community is devastated. At the steel mill in Butler, a union representative told us that a Japanese owner had stepped in to ostensibly "save" the plant in the late 1990s but ended up simply extracting the company's knowledge rather than preserving good jobs; eventually, the unhappy workers joined a national union. A former steelworker in Buffalo said that it is difficult to know foreign owners' intentions, as they might "invest" to buy out the competition and then move everything overseas. When asked, another steelworker dismissed the national security concerns surrounding Nippon Steel's acquisition of U.S. Steel: "Well, that's a stretch," he said. Other interlocutors cited instances of foreign companies investing in a state to take advantage of tax and infrastructure subsidies without creating the promised jobs, as happened with Foxconn in Wisconsin.[44]

> "Well, that's a stretch."
>
> *—Former steelworker in western New York when asked whether Nippon Steel's attempted acquisition of U.S. Steel posed national security risks*

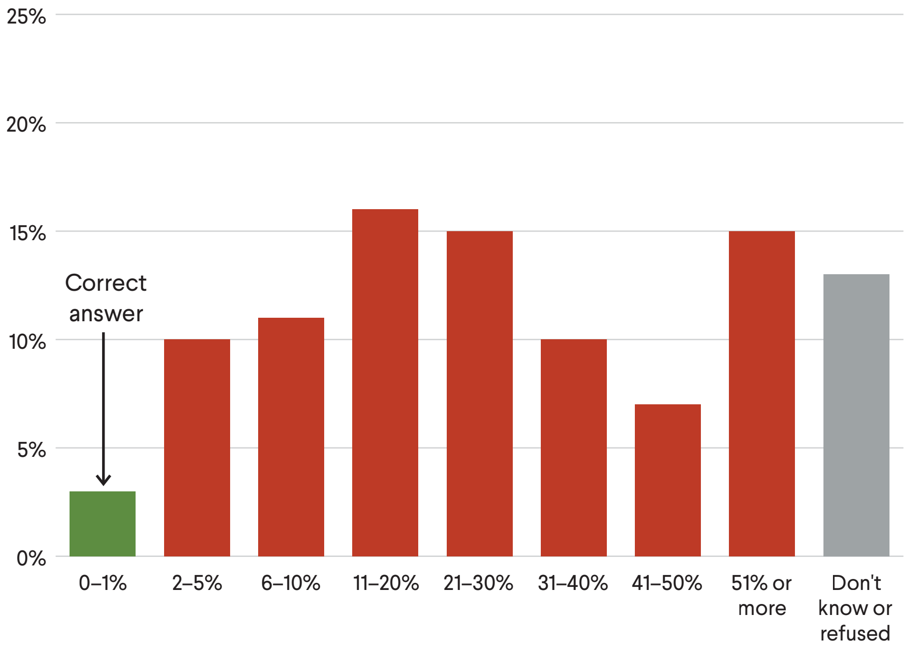
People are often unaware of foreign investors in their state. This is in part because many states do not require foreigners to report certain land purchases. In Wisconsin, if a foreigner purchases three hundred acres or less, they do not need to report it, causing one person to conclude that foreigners could be purchasing land, but no one is checking. In Arizona, land and water use is largely unregulated, so it is possible that foreign (or out-of-state) companies are using those resources in ways that are not understood.

AMERICANS WANT TO HELP OTHER COUNTRIES BUT HAVE RESERVATIONS ABOUT FOREIGN AID

In absolute terms, the United States is the largest donor of foreign aid in the world, giving around $68 billion in aid in 2023 (measured by obligations).[45] A public opinion poll in 2015 found that most Americans believe the government spends about 31 percent of the federal budget on foreign aid.[46] In fact, foreign aid as a percentage of GDP has declined since the 1950s and has remained below 1 percent of the federal budget since the mid-1960s.[47]

Americans' Views on U.S. Spending on Foreign Aid (January 2015)

Percent of respondents who responded to the question: "Just your best guess, what percentage of the federal budget is spent on foreign aid?"



Note: Percent of respondents is on the y-axis and percent spent on foreign aid is on the x-axis.

Source: Kaiser Family Foundation.

Supporters of foreign aid argue that sending money overseas serves American interests by reducing the risk of terrorism, international crime, proliferation of weapons of mass destruction, and negative foreign influence. Those skeptical about foreign aid argue that money sent overseas could be used to help alleviate suffering domestically. Some scholars argue that, in practice, aid often undermines the goals the United States is trying to achieve, such as better governance.[48]

According to a Cato Institute poll in 2024, 75 percent of Americans are concerned about global poverty, and 83 percent believe that reducing global poverty would improve stability in the most dangerous parts of the world and make people in the United States safer.[49] However, an August 2024 Chicago Council survey found that only 7 percent of Americans believe the United States should expand economic aid to other nations (33 percent said it should be kept the same, and 51 percent said it should be cut).[50] Some three-quarters of respondents agreed with the statement that, "One of the best things the U.S. government can do for the world's poorest people is to let Americans freely trade with them."[51]

What We Heard

When asked about foreign aid on the tour, most people said they wanted to help other countries, but many had reservations. One argument we heard in support of foreign aid was that investing in other countries ensures that the United States does not lose its advantage to adversaries, such as China and Russia. A business leader in Wisconsin was concerned about a vacuum created by lack of U.S. investment in Africa. A student at Boston University argued that aid strategically helps the United States by ensuring that countries are not influenced by adversaries.

While people support foreign aid in principle, domestic economic concerns often curb their appetite for sending money abroad. A policymaker in Florida said that five or six years ago, people were more inclined to support sending money abroad but today concerns about the national debt have reduced this support. A mother in New Hampshire was not opposed to helping other countries but wanted the U.S. government to help its own people first. She argued that floods in the United States are getting expensive and that the Federal Emergency Management Agency (FEMA) is running out of money.[52] An economic development official for a Native American tribe in Oregon said the

United States should only give foreign aid if it has the money to give. Instead of buying friendship with other countries, he said, the United States should trade more with them.

> "I'm not opposed to helping other countries, but we need to help our own first. FEMA is running out of money."
>
> *—A mother in New Hampshire*

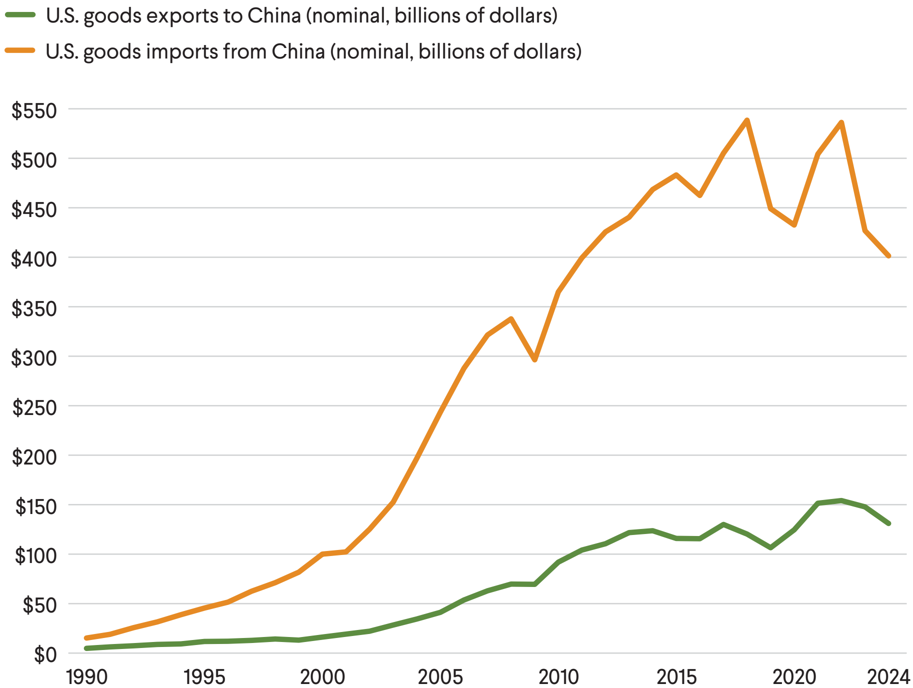
People also voiced concerns about giving U.S. aid to questionable regimes. A business leader in the Shenango Valley passionately argued that the United States "should not give money to countries that hate America." A student in Stevens Point, Wisconsin, suggested an audit of foreign aid to examine if recipients of U.S. aid support American values, because historically Washington has used funds to prop up unsavory regimes.

Finally, we heard from students in Arizona and Massachusetts that the United States should not impose social reform requirements as a condition of aid. A student in Boston argued that many U.S. social standards are too liberal for the rest of the world. While he believed the United States should work to help other countries with governance concerns, social and cultural issues such as same-sex marriage should not be among U.S. demands. In Arizona, a student called the U.S. approach to aid a form of "neo-imperialism"—although the same student went on to welcome specific U.S. programs such as the President's Emergency Plan for AIDS Relief (PEPFAR). Some viewed U.S. aid policy as hypocritical, arguing that the United States holds other countries to standards that it has not historically maintained itself.

CONCERNS ABOUT CHINA ARE MORE MUTED THROUGHOUT THE COUNTRY THAN IN WASHINGTON

The U.S. economy has become increasingly dependent on China, as evidenced in part by a rising trade deficit in goods that peaked at over $418 billion in 2018.[53] In the 1990s, U.S. policymakers supported China's increased integration into the global economy in the belief that this would encourage market reforms and even democratization in

U.S. Trade With China Has Increased Over Time (1990–2024)



Source: U.S. Census Bureau.

China. Today there is a bipartisan consensus in Washington that Beijing's predatory practices—including massive subsidies that create global overcapacity, theft of intellectual property, and weaponization of dependencies for critical goods such as pharmaceuticals and critical minerals—are threats to U.S. economic competitiveness or national security.[54] The debates about economic relations with China revolve around whether to manage specific risks in areas such as critical technologies or to pursue broader decoupling of the two economies.[55]

In a May 2024 Pew Research Center poll of Americans, 81 percent of respondents said that they had unfavorable views of China.[56] When asked by the Chicago Council in August 2024 about critical threats facing the United States in the next ten years, 53 percent of Americans cited "the development of China as a world power" and 33 percent listed "economic competition from China." Fifty-six percent said trade between the United States and China weakens national security.

Fifty-five percent said the United States should actively limit China's power, while 40 percent said the United States should cooperate and engage with China in a friendly manner. Among specific policy measures that respondents supported were "prohibiting U.S. companies from selling sensitive high-tech products to China" (79 percent), "increasing tariffs on products imported from China" (55 percent), "limiting the number of Chinese students studying the United States" (46 percent), and "significantly reducing trade between the U.S. and China, even if it leads to greater costs for American consumers" (45 percent).[57]

> "Do you think China is a real problem or just a top-down issue imposed by Washington?"
>
> —*Journalist in Michigan*

What We Heard

Although the topline survey numbers suggest most Americans are not fans of China, our interviews suggest that their views are more nuanced. On our tour, we found that most Americans do not think about China deeply or often. This could be because the average person is unaware of China's presence in their local community. A business leader in Arizona said that people do not see explicit Chinese economic activity in the state, although he speculated that Chinese investors are deliberately keeping a low profile. A journalist in Michigan inquired whether China was a real problem for Americans or just an issue created by Washington. While recognizing national security concerns related to China, she said that most Michiganders are not worried about it from an economic perspective.

Some people noted the benefits of U.S. relations with China. A student at Miami Dade College said she and her friends prefer to buy cheap, quality goods from China to save money. In Pittsburgh, university and business leaders explained that Chinese PhD researchers were a great asset to the area and that policies to address the real but small risk of espionage need to be measured. A student in New Hampshire acknowledged that cheap Chinese electric vehicles (EVs) would help bring down emissions but expressed concern that unfettered imports could wipe out the U.S. automobile industry.

We also heard several more pointed concerns about China, including unfair competition and the purchase of U.S. farmland and real estate. A manufacturer in Pittsburgh was hurt by lower Chinese prices, and only the Joe Biden administration's tariffs spared the company from major losses, he said. Business leaders in the Shenango Valley said China's low environmental and labor standards give Chinese producers an unfair advantage that needs to be countered. Several people in Wisconsin and Arizona expressed concern about Chinese investors buying up farmland. In Boston, we heard concerns that Chinese companies are buying up real estate in the city, leaving buildings empty and driving up residential real estate prices.

TAKEAWAYS AND POLICY IMPLICATIONS

The power of the listening tour lies in the unfiltered insights that Americans across the country shared with us, and we are reluctant to put a traditional Washington lens on those views to draw clear policy conclusions. However, reflecting on what we heard during our tour, we drew some broad conclusions for U.S. international economic policymaking. What follows is not a set of specific policy recommendations but an agenda for further research and debate.

INTERNATIONAL ECONOMIC POLICY WOULD BENEFIT FROM MORE LOCAL INPUT

Our tour made clear that those in Washington who shape international economic policy—not just government officials but think-tank scholars and others—would benefit from more direct input and feedback from Americans outside the Beltway. Local officials, businesses, and workers have a ground-level view of how existing and proposed trade, investment, and other policies help or harm their communities, as well as an enormous stake in their outcomes. Yet current mechanisms for generating two-way flows of information about policy between Washington and the rest of the country appear inadequate.

Of course, under the Constitution, Congress represents American citizens and should—and often does—incorporate their perspectives into legislative and policy work in Washington. Yet that is insufficient to produce effective and sustainable international economic policies. Even setting aside concerns about dysfunction in today's Congress, the executive branch needs its own mechanisms for information and suggestions from Americans outside the Washington area. Many authorities related to international policy are either granted to the executive branch by the Constitution (e.g., national security and diplomacy) or delegated by Congress to the executive branch (e.g., authorities to raise tariffs, an especially relevant point today).

Despite requirements that the executive branch seek public comment on most proposed regulations and policies, there are many exceptions (e.g., rules related to military and foreign affairs), workarounds (e.g., using an agency order rather than a formal regulation), and informal channels of influence by interest groups in Washington.[58] Even where mechanisms are expressly designed to seek input from state and local governments—for example, the Intergovernmental Policy Advisory Committee on Trade, whose role is "to provide general policy advice to the U.S. Trade Representative on trade policy and development matters that have a significant relationship to the affairs of U.S. state and local governments"—they are generally viewed as having little practical influence on policy.[59]

In addition to strengthening those formal channels for input into international economic policymaking, there are other ways to give more voice to state and local interests that deserve further consideration. Some economic policy agencies could better use their field offices outside Washington—such as the U.S. Commerce Department's more than one hundred offices around the country that provide export services to local communities—to obtain feedback from the local community. In addition to providing export services, those offices could conduct focus groups and town hall meetings to assess how federal trade policies affect locals and report back to Washington. Additionally, those offices could partner with local development organizations to conduct community-specific surveys on various aspects of international economic policy.

The federal government could also deepen subnational engagement initiatives, such as the State Department's Subnational Diplomacy Unit, which works with local officials to better understand priorities that have an international nexus and draws them into foreign policy initiatives.[60] Another promising initiative is the Commerce Department's "hometown tours." During the Biden administration, Assistant Secretary of Commerce for Enforcement and Compliance Lisa Wang traveled around the country with other agency officials to talk to manufacturers about their concerns regarding unfair trade practices, as well as to encourage students to consider careers in trade.[61] The Commerce Department could expand those efforts, for example by taking them to more rural areas, while other federal agencies related to international economic policy, such as the office of the U.S. Trade Representative (USTR) and the U.S. Treasury Department, could conduct similar tours.

In addition, there are several organizations that bring state officials together, such as the National Governors Association, the U.S. Conference of Mayors, and the State International Development Organizations. When those organizations gather in Washington, as they regularly do, officials at the Treasury Department, USTR, the Commerce Department, and other agencies should meet with them all to listen to how federal international economic policy is playing out in states and local communities and to sound out local views on proposed policies.

AMERICANS WANT THE TOOLS TO COMPETE— IN A FAIR FIGHT

Most people we talked to on the tour understood the benefits of trade and foreign direct investment. Moreover, many viewed with skepticism policies in those areas that would raise consumer prices (e.g., broad-based tariffs) or discourage job-supporting investments (such as blocking Nippon Steel's acquisition of U.S. Steel). This suggests there is a foundation for Washington policymakers to build on in designing affirmative trade and investment policies that advance broad U.S. economic and strategic interests.

However, most people—rightly—also see trade and investment as disruptive and often unfair, whether because foreign trading partners heavily subsidize their industries, foreign investors fail to deliver on promised jobs, or certain companies and individuals capture more of the gains from trade than others. We came away from the tour sensing that most Americans—businesses and workers alike—do not fear competition and are likely to embrace more active and affirmative trade and investment policies *if* they think the economic playing field is level and they have the tools to compete.

Meeting those conditions will likely require a mix of domestic and international policy reforms. An important place to start is investment in skills training and meaningful adjustment assistance for Americans disrupted by changes in the economy, including but not limited to trade. Business groups, labor organizations, and think tanks have generated a wealth of ideas in those areas in recent years. In the workforce area alone, numerous major reports in the past six years have called for a menu of options, including better connecting educational institutions with industry to identify and meet specific skill needs, strengthening apprenticeship programs, providing mid-career workers with continuous learning opportunities, and offering meaningful adjustment assistance for displaced workers.[62]

Throughout our tour, we witnessed and heard how good community colleges can transform regions by providing the skills and connections people need to find meaningful, well-paid work. According to experts, government funding for such colleges often covers basic operating costs and does not consider the time and resources needed for creative programming and researching local needs. Nontraditional classes require expensive equipment (e.g., welder hoods and fire boots) that is generally not factored into aid packages.[63] Policymakers should explore more creative and flexible funding options on both the federal and state level for nontraditional education and community colleges, with input from local college leaders and students.

Adjustment assistance programs should facilitate skills development. As many observers have noted, the principal federal program designed to deal with economic disruption, Trade Adjustment Assistance (TAA), is woefully inadequate in scope and scale.[64] Because most economic changes are caused by factors other than trade, the requirement to prove trade-related disruption unduly limits access to TAA support. And with a budget of only around $466 million in fiscal year 2023, TAA is far too small to provide meaningful assistance to most workers.[65] Particularly in light of the expected disruption AI will cause to large portions of the workforce, new thinking is urgently needed on how to design and win support for adequately funded adjustment programs that give workers the skills to compete in the new economy.

Our tour made clear that accessible and affordable housing and childcare are critical to addressing Americans' economic insecurity. There are promising initiatives and ideas in those areas that warrant further study and debate. For example, some state and local governments have attempted to address childcare concerns by proposing to distribute funds to childcare providers and cover childcare costs for workers.[66] And scholars such as Alexander Raskolnikov and Benn Steil have identified the lack of new construction due to local zoning laws as a primary cause of high housing costs and have argued for reforms in that area.[67]

Our tour also revealed manufacturing's enduring importance in the U.S. economy and in certain regions, such as Arizona and western Pennsylvania, despite decades of decline in manufacturing jobs. Whether to ensure the availability of critical goods, spark shop-floor innovation, or preserve generational knowledge, targeted federal and state support of the U.S. manufacturing sector is warranted. How much support and where to give it are matters for debate, but a solid manufacturing base likely supported by strategic government subsidies is an important element of U.S. competitiveness and global leadership.

Innovation is also vital to maintaining U.S. competitiveness in the international economy, but it is a disruptive force. Nobel Prize–winning economists Daron Acemoglu and Simon Johnson argue that not all new technology is beneficial, and the path of innovation is a choice. Automation that adds little to workers' marginal productivity lowers wages for less-skilled workers and fails to better society. Acemoglu and Johnson offer many concrete policy options worthy of further debate, including tax reform and government direction of technology to ensure technological advancements are more socially favorable.[68] Mitigating the disruption caused by globalization and technological progress while capturing their gains is critical to rebuilding a consensus on international economic policy.

On the international front, rebuilding support for affirmative trade and investment policies will require that those policies themselves do more to address perceived unfairness in the global economy. Tariffs have been the preferred tool in that regard over both the Biden and Donald Trump administrations. Targeted tariffs have a place in addressing specific unfair practices such as illegal subsidies and theft of intellectual property. But beyond the costs they impose on downstream consumers, tariffs alone are unlikely to change trading partners' behavior; the United States needs to offer carrots that incentivize partners to raise their standards and level the competitive playing field. And that means Washington has to be willing to negotiate trade agreements that both constrain trading partners from using unfair practices and offer partners what they want—including better access to the large U.S. consumer market and to the country's innovative ecosystem of leading research universities, R&D grants, and venture capital.

Recognizing that the politics of trade are challenging, we believe new models of trade agreements exist that can both advance U.S. economic and strategic interests and win the necessary support of Americans. The fact that the United States-Mexico-Canada Agreement won bipartisan support late in the first Trump administration shows that new deals are politically feasible if they contain the right elements. It is encouraging that the America First Trade Policy memo issued by the second Trump administration on its first day in office contemplates the possibility of new bilateral and sector-specific trade agreements.

Enforcement of any new trade agreements is critical. For decades, administrations on both sides of the aisle have celebrated the signing of new trade agreements before moving on to the next negotiation, without devoting adequate resources and attention to enforcing existing deals. That needs to change if Washington is going to persuade Americans they are engaged in a fair fight in the global economy.

COMMUNICATING THE COSTS AND BENEFITS OF POLICIES IS VITAL

Many Americans we met with on the tour had limited knowledge of the intricacies of trade, foreign aid, and other international economic policies. On one level, that is natural and unsurprising, as policymaking is primarily the work of Washington. However, given the effect those policies have on local communities, businesses, and workers, and their role in shaping U.S. leadership—and perceptions of it—Americans should have a greater understanding of the costs and benefits of international economic policies.

That starts with Washington devoting more time and attention to a rigorous cost-benefit analysis of policies before, during, and after they are put in place. Some areas of policy have formal mechanisms for that sort of analysis. Before the United States enters into a trade agreement, for example, the U.S. International Trade Commission is mandated to estimate "the probable economic effect on domestic industries and consumers of modification of duties and other barriers to trade."[69] In addition, most policy decisions start with agencies weighing the pros and cons of different options internally and through interagency debates. But in most cases, that process is not backed up by rigorous cost-benefit analysis. And often, the final policy decision is presented to the public in marketing terms without an honest discussion of potential outcomes.

All of that has implications for policy itself and Americans' perceptions of it. Consider two issues discussed in this report: foreign aid and China. There appears to be a reservoir of support among Americans for foreign aid, but that support is clearly not deep and is subject to numerous reservations and misunderstandings. In an ideal world, Washington would conduct a careful and considered cost-benefit analysis of foreign-aid programs to address Americans' concerns about misusing funds and supporting unsavory regimes and programs. However, the benefits of aid should not be lost on the government or the American people, including addressing the most compelling humanitarian needs overseas; supporting U.S. jobs (as much foreign aid runs through U.S. companies or nongovernmental organizations); or advancing U.S. strategic goals, such as offering alternatives to China's Belt and Road Initiative.[70] Washington needs to clearly and honestly communicate both the benefits and costs of foreign aid to the American people.

Regarding China policy, the fact that we heard less anxiety than expected on the tour does not mean Washington policymakers have no legitimate concerns, from national security threats to the disruption caused by Beijing's massive subsidies and economic coercion of other countries. It seems safe to conclude that most Americans want their government to respond forcefully to those challenges, even at some personal economic cost.

However, it is also clear that most Americans do not see all aspects of economic engagement with China as harmful. There is broad recognition that consumers benefit from the availability of low-cost products made in China and that U.S. exporters have opportunities in the Chinese market. Moreover, as evidenced by concerns we heard about broad-based tariffs raising prices, there could be limits to how much of a cost Americans are willing to pay to deal with China-related risks.

All of that suggests the public would endorse a robust but targeted approach to managing the risks of economic engagement with China. Sweeping efforts to decouple the two economies through broad-based tariffs on Chinese imports or prohibiting most Chinese investment in the United States would likely be viewed as a disproportionate response to real but manageable risks. At minimum, those costs, benefits, and trade-offs should be more clearly and honestly presented to Americans.

CONCLUSION

Listening is the first step to improving U.S. international economic policy and rebuilding a durable consensus on American leadership. In many cases, what we heard on our nationwide tour—while consistent with our prior assumptions based on academic literature, polling, and policy experience—added important texture and nuance. In other cases, what people told us was truly surprising. And almost everywhere, we heard appreciation for the mere fact that think-tank experts from Washington were interested in hearing directly from Americans. The more time experts take to listen, the more their policy ideas will be grounded in reality and able to win support outside the Beltway.

The ability to truly listen to a vast array of American views—as opposed to assuming what Americans want based on limited feedback from a select group—will become increasingly important moving forward. International economic policies toward tariffs, foreign aid, China, and immigration are most effective when they balance the benefits that Americans desire with the downsides that worry many. To strike the right balance, policymakers will need to combine Americans' lived experiences of those policies with expert analysis of the complexities associated with efforts to minimize policymaking. Doing so is essential to building a more durable consensus on the appropriate role for the United States in the international economy, one that promotes broad U.S. interests and wins the support of the American people.

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