Exclusionary Preferences and Economic Nationalism

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Abstract

This paper presents evidence that support for economic nationalism is driven by a basic preference for dominance and the exclusion of others. We incorporate such preferences into a model of international trade. The model predicts that exclusionary preferences lead people to favor tariffs and protectionist policies that harm both trading partners and their own consumption, but show no differential support when tariffs do not disadvantage foreign nations. This implies that higher prices caused by exclusionary policies such as tariffs will be more acceptable than other means, e.g. stimulus spending. We provide direct support for these predictions through two original surveys. Our findings suggest that support for costly protectionist policies is driven by a basic preference rather than simply cognitive biases or misunderstanding of the consequences, and provide a new framework for understanding economic nationalism.

Nothing is more usual, among states which have made some advances in commerce, than to look on the progress of their neighbours with a suspicious eye, to consider all trading states as their rivals, and to suppose that it is impossible for any of them to flourish, but at their expense.

David Hume – Of the Jealousy of Trade

1 Introduction

Support for protectionism and nationalist economic policies, such as those introduced by the second Trump administration, often have significant support. This is true even in settings where such trade policies materially hurt people. Indeed, evidence suggests that import tariffs on foreign goods raise prices and spur retaliatory tariffs that have negative impacts on employment(Amiti et al., 2019; Fajgelbaum et al., 2020; Autor et al., 2024). Yet such policies appear to be a political success exactly among those negatively affected (Autor et al., 2024).[1]

This paper offers an explanation for why voters favor nationalist policies, even at their own expense. We argue that support for these nationalist policies stems from exclusionary preferences: the utility derived from consuming or possessing goods that others desire but do not have. This motive is formalized in the model of mimetic exclusionary preferences in Imas and Madarász (2024). We demonstrate theoretically that these preferences generate support for restrictive trade policies, and then provide empirical evidence showing that individuals who reveal stronger exclusionary preferences are more likely to support tariffs and other nationalist policies.

In the tradition of Ricardo and the Heckscher–Ohlin general equilibrium model, trade benefits arise when trading nations have different endowments (and/or tastes). We apply the model of exclusionary preferences to this canonical setting. Focusing on pure-exchange, in our setting, countries differ in initial endow-

[1] In the U.S., Autor et al. (2024) find that "residents of regions more exposed to import tariffs became less likely to identify as Democrats, more likely to vote to reelect Donald Trump in 2020, and more likely to elect Republicans to Congress. Foreign retaliatory tariffs only modestly weakened that support."

ments and tastes. Such differences across countries generate the standard gains from trade. We extend the model by introducing a "National Pride" term: the utility consumers gain from their trading partner's *unmet excess demand*—that is, the satisfaction from holding goods that the representative consumer of the foreign country wants but does not have. This modification implies that the very source of gains from trade—differences in endowments—also creates losses from trade, leading some individuals to favor restrictive policies that undermine free exchange.

In the absence of exclusionary preferences, individually rational trade increases consumption utility relative to autarky. In the presence of exclusionary preferences, although consumption utility rises in both nations under trade, for this very reason the boost associated with national consumption falls following trade. This diminishes the value of any trade and we show that restricting trade or autarky can be preferred to free trade by those with exclusionary preferences. The model predicts that support for restrictive trade policies that hurt both the home country and foreign country's consumption utility, such as tariffs, will have higher support among those with exclusionary preferences than among those without such motives. However, there should be no relationship between exclusionary preferences and support for trade policies that do *not* harm the foreign country's consumption.

We test the model's implications with two original surveys. In both, we measure a respondent's preferences for exclusion by adapting the experimental methods in Imas and Madarász (2024). The incentivized experiment identifies individuals whose revealed willingness to pay for an object increases as the chance that other people are excluded from the opportunity of obtaining the object increases. We reproduce their findings and call individuals whose willingness to pay increases with exclusion as having preferences for exclusion.

In the first survey, respondents are randomized into two conditions. In the baseline ("harm") treatment, respondents are presented a scenario in which the government is considering a 15% tariff that will raise prices at home. In the second ("no harm") treatment, they are additionally informed that while the tariff increases domestic production, it does *not* reduce consumption in the targeted

foreign country as the foreign country is able to find another trading partner. In the second condition, there is no exclusivity boost associated with a tariff as the trading partner's consumption is not reduced by the trade policy. The model predicts that there will be no difference in tariff support between those with and without exclusionary preferences in the "no harm" treatment, but that we will see a difference in the baseline ("harm") treatment.

The second survey further probes whether motives to exclude drive support for exclusionary trade policies that materially harm U.S. consumers. In addition to asking about support for tariffs, we ask respondents whether they agree that the U.S. government should adopt trade policies that ensure that living standards in the U.S. remain above those in China, even if it increases the price of goods in the U.S. Our model predicts that support for such policies will again be higher among respondents with exclusionary motives. We also examine support for a broader set of nationalist economic policies, allowing us to assess the consistency of exclusionary preferences across domains.

We find that respondents with exclusionary preferences for exclusion are significantly more likely than others to support tariffs. This difference is driven by the "harm" treatment, in which those with exclusionary preferences are 12.3 percentage points more likely to support tariffs than respondents without such preferences. This result holds across different foreign trading partners (China, Mexico, and Canada) and is robust to controlling for other factors that correlate with policy preferences, such as zero sum thinking (Chinoy et al., 2023). We also find that those with exclusionary preferences are more likely to endorse policies aimed at preserving a consumption gap between the U.S. and China, even when such policies raise prices for Americans. Finally, respondents with exclusionary preferences more broadly support exclusionary policies, even those policies that harm voters. Taken together, our results provide a framework for understanding why voters often support policies that hurt them economically.

This paper relates to a literature seeking to understand the determinants of policy preferences, particularly as they relate to U.S. trade and foreign policy. In terms of trade policy, a large literature posits that support for free trade will, in the case where workers can move between sectors, depend on one's skills, or,

on industry characteristics, as in the Ricardo-Viner model (Rodrik, 1995; Blonigen, 2011). As such, several papers seeking to understand support for trade have focused on the correlation between individual characteristics, such as skills and education, sector of work, economic status, and support for trade (Mayda and Rodrik, 2005; Beaulieu and Napier, 2008). More recently, researchers have begun to explore how beliefs about the impacts of various trade policies correlate with support (Stantcheva and Tham, 2025).

A smaller literature, and more closely related to our paper, brings identity concerns into trade theory and policy preferences more generally (Shayo, 2009; Grossman and Helpman, 2021). For example, Grossman and Helpman (2021) explain preferences for restrictive trade policies by incorporating social identity into a model of trade policy. In this model, trade generates inequality, and so high income voters who identify with the nation may favor tariffs as it reduces the psychological cost of identifying with low income voters. In the same way, if low income voters identify with their social class rather than with the nation (i.e. populism takes hold), and if the upper class constitutes a minority of society, tariff rates will also increase. Our paper provides a complementary explanation for tariff support that does not require identification within the country. Americans, regardless of the social class, may support tariffs when they identify with the United States and gain utility from other countries being excluded from U.S. consumption by virtue of not being able to obtain what US consumers can. Our paper is further in line with survey findings that, in deciding whether to support free trade, Americans consider the U.S. economy as a whole rather than their own material interests (Mansfield and Mutz, 2009).

2 National Pride and Restricted Trade

Consider a classic pure exchange economy.[2] Let there be two countries indexed by $k \in \{A, B\}$ where I_k represent the set of consumers and the total number of consumers of nation k and let $I = I_k + I_{-k}$. Let there be L goods. Each consumer $i \in I$ has an initial endowment e_i which is a positive and bounded vector in R^L_{++}.

[2]For a standard reference see, Mas-Colell, Whinston, and Green (1995).

The overall initial endowment is $(e_i)_{i \in I} = e$. We abstract away from production and take these endowments as given. As standard, trade then corresponds to trading these endowments. A distribution of goods among consumers is called an allocation $x \in \mathrm{R}_+^{LxI}$ if it is feasible, that is, the total goods distributed do not exceed the total initial endowments of all consumers. We can partition any given x into the allocations within each country which we denote by x_k, thus can write $x = (x_k, x_{-k})$. It is useful to distinguish between three trading environments: (i) autarky where trade only happens within a country, (ii) free trade where any trade is possible, and (iii) restricted trade where some trades between countries are not allowed (due to the imposition of quotas, tariffs, etc.).

For simplicity, all consumers within a country have identical tastes and endowments, but these can differ across countries. Such differences drive the potential benefits from trade. Accordingly, the consumption utility of person $i \in I_k$ consuming bundle x_i, is given by $u_k(x_i) : \mathrm{R}_+^L \to \mathrm{R}_+$ which is a continuous, strictly increasing, and strictly quasi-concave function.

In addition to consumption utility, each consumer may derive a utility boost from consuming things others want but do not have – directly following the model of Imas and Madarasz (2024). We focus on exclusionary preference over the other nation, which we term *national pride*. Accordingly, this exclusionary utility boost is vis-a-vis the representative consumer of the other nation. Specifically, it is proportional to how much the representative consumer of the other nation would gain in consumption utility terms, from having one's nation's consumption in addition to their existing consumption.

To express the above, we introduce the representative consumer of nation k as the average of consumers in nation k. Their consumption utility is then defined as the utilatrian average $\hat{u}_k(x_k) = \sum_{i \in I_k} u_k(x_i)/I_k$. *No* result we present depends on this specific formulation. All that is required is that the representative consumer's consumption utility increases in the consumption utility of each member of the nation. Let $\omega_k(x_k)$ be a fixed allocation where the consumers of nation k, in addition to their existing allocation x_k, also receive *all* goods possessed by the consumers of nation $-k$, that is bundle x_{-k}. [3]

[3]There are potentially many such allocations depending on how x_{-k} is reallocated to the con-

The overall utility of consumer i of nation k is then given by $U_{k,i}(x)$ defined as:

$$U_{k,i}(x) = \overbrace{u_k(x_i)}^{\text{Consumption Utility}} + \overbrace{\alpha_i\{\hat{u}_{-k}(\omega_k(x_k)) - \hat{u}_{-k}(x_{-k}) - u_k(x_i)\}^+}^{\text{National Pride}}, \quad (1)$$

where $\alpha_i \in [0,1)$ is the degree of consumer i's preference for exclusion, and $\{\}^+$ represents the positive part of the expression inside the curly brackets. We collect the individual α_i's into vector α.

The national pride term represents the rival nation's *"unmet excess desire"*. It's the difference between the gain that the rival nation would realize if they had the home nation's goods in addition to what they already have, in their consumption utility terms, net person i's own consumption utility. Intuitively, the national pride term corresponds to how much the average consumer of the other nation would gain if they had the home's nation consumption, minus how much person i would lose. This formulation follows the exact model of Imas and Madarasz (2024). However, all results remain the same if the national pride term of a consumer in nation k is defined simply as $\hat{u}_{-k}(\omega_k) - \hat{u}_{-k}(x_{-k})$, that is, as unmet desire of the representative consumer of the foreign nation.[4]

A key assumption is that individual consumers are small enough that their own trading decisions have a negligible impact on the consumption of the rival nation's representative consumer. For example, US consumers understand that buy not buying Chinese products themselves, they have a negligible effect on Chinese consumption. Therefore, when making their individual choices, they take the national pride component as a given. Below, we consider both the set of individually rational trade outcomes and the more restrictive set of Walrasian (competitive) equilibrium outcomes.[5]

Definitions 1. Allocation x is individually rational iff $u_k(x_i) \geq u_k(e_i)$ for all i, similarly for the strict relation. 2. $T(e)$ is the set of individually rational al-

sumers of nation of k. The analysis holds for *any given* such allocation $\omega_k(x_k)$.

[4]Similarly, all predictions remain the same if we consider a multiplicative rather than additive specification of the superiority boost, see, Imas and Madarasz (2024).

[5]The existence of a Walrasian equilibrium allocation in our model follows from standard arguments, see, e.g., MWG (1995).

locations, similarly, $\overline{T}(e)$) the set of strictly rational ones. 3. $T_d(e)$ is the set of individually rational allocations that also Pareto dominate e. 4. $WE(e)$ is the set of allocations that can be attained in a Walrasian equilibrium.

We now describe some consequences of the model both for individually rational trade allocations and for the more restrictive solution of Walrasian equilibrium. In the absence of a preference for exclusivity, individually rational trade always leads to a Pareto improvement and a Walrasian equilibrium is always efficient (the first welfare theorem holds). In the presence of a preference for exclusion, all of the above relations may be violated.

Proposition 1

1. **Benchmark:** If $\alpha = 0$, then $WE(e) \subseteq T_d(e) = T(e)$.
2. **Trading behavior is unchanged:** $T(e)$, $\overline{T}(e)$, and $WE(e)$ are independent of $\alpha \geq 0$.
3. **Value of free trade is decreased:** For any i and $x \in T(e)$, the gain from trade $U_i(x) - U_i(e)$ decreases in α_i. Furthermore, $T_d(e)$ is set decreasing in α.
4. **Free trade can be harmful for those with exclusionary preferences:** Suppose that $\hat{T}(e)$ is non-empty. There always exists $x \in T(e)$ such that $x \notin T_d(e)$ and k such that $U_i(e) < U_i(x)$ for any given $i \in I_k$ if and only if $\alpha_i > 0$.

Point 1 restates that in the absence of a preference for exclusivity, rational trade always leads to a Pareto improvement and that the Walrasian equilibrium is efficient. Point 2 states that trading behavior and the set of Walrasian equilibria are independent of the degree of the preference for exclusion. Point 3 of the above proposition shows, the value of *any* individually rational trade is diminished by the preference for exclusion. Hence, the set of individually rational allocations that also Pareto dominate autarky (or are also Pareto optimal) is reduced. Point 4 establishes, in the presence of preference for exclusion free trade may no longer imply a Pareto improvement relative to autarky. Instead, it may lower the welfare of all consumers of a nation who exhibit any positive degree of this preferences.

The first welfare theorem may also fail. Furthermore, not simply does a Walrasian equilibrium outcome need not be efficient, but it can be worse for at least one, and potentially for both, countries than autarky. As a consequence, $WE(e) \not\subseteq T_d(e)$. In the Appendix we provide a class of examples to demonstrate this formally. In turn, restricting free trade can lead to a Pareto improvement both when focusing on equilibrium outcomes and when considering the broader class of individually rational trade allocations. The preference for exclusion introduces a direct tension between individual utility maximization and individual preferences for overall trade outcomes. This tension creates room for the support of protectionist policies even in a frictionless competitive economy with homogeneous consumers within a country.

The next corollary formulates our main empirical prediction. Consider consumer i's choice between *any* two allocations x and x' such that $u_k(x_i) > u_k(x'_i)$. For example, x could be the status quo and x' the allocation under a proposed trade policy. As the next corollary states, superiority seeking leads to a differential preference for x' *only if* it also lowers the consumption utility of the foreign nation's representative consumer.

Corollary. Person i's preference for choosing x can depend on α_i, and if so it decreases in α_i, only if $\hat{u}_{-k}(x) > \hat{u}_{-k}(x')$.

The consequence of the above corollary is that if a trade policy harms one's own consumption, but does not harm the foreign nation's consumption, then support for the trade policy should be independent from the degree of the mimetic preference for exclusion in the home country. Instead if a trade policy would hurt both the foreign nation and a consumer's own consumption, then she may support this policy but *only if* she exhibits a positive degree of this preference.[6] This is the cases where the model predicts the potential to superiority seeking to affect the preference between the two allocations. Otherwise, the model predicts that superiority seeking should lead to **no** differential preference between two alloca-

[6] Analogously, if a trade policy improves both the foreign nation's and the consumer's own consumption, she may oppose this policy but only if she exhibits a positive degree of the preference for exclusion.

tions. The fact that the prediction is *only if*, but not if, means that finding support for such differential preference is a strong test.

3 Survey and Experiment Design

Our surveys are designed to test whether preferences for exclusion explain support for tariffs. Our model predicts that when trade policies hurt both the home country and trading partner's consumption because each can sell and thus buy less, support for the policy will be increasing in preferences for exclusion. However, if a trade policy does not hurt the trading partner, we should not see any correlation between such preferences and policy support. This is because, given equation 1, the ranking of options across those with and without exclusionary preferences does not change. As the foreign nation can still sell its goods and buy the same set of goods as before.

3.1 Measuring Preferences for Exclusion

We measure preferences for exclusion by adapting the experiment design in Imas and Madarász (2024). Specifically, we adapt "Experiment 3" in Imas and Madarász (2024), which measures the intensive margin of this preference. In this experiment, participants are told that they will be asked to make a decision and that there is a 10% chance that their decision will be implemented.

Participants are then shown a unique painting and are told that they will have the chance to bid for the painting. They are told that they are paired with three other participants who may also have the opportunity to bid for the art. We first ask, on a scale from one to ten, how much the participant would like to purchase the art print. Then, they are told that the computer will randomly draw a price between 0 and 10. If their bid is above the drawn number, they will automatically purchase the art print for the drawn price.[7]

[7] Prices are in experimental units, where 1 experimental unit is equivalent to $1.

Before entering their bid, participants are told that they will flip a coin to determine whether others in their group may also bid on the painting. If the participant flips a coin and the outcome is tails, the other participant will not be able to purchase the print. If it is heads, they will. The computer randomly draws whether the participant is able to draw one, two, or three coins, where three coins presents the opportunity of excluding everyone else in the group from bidding on the artwork.

Before telling the participant how many coins they will flip, we elicit their willingness-to-pay for the print if they are able to flip one, two, or three coins. If the amount someone is willing to pay (bid) for the print is higher when they flip three coins than when they flip one, we say that they exhibit preferences for exclusion, as their desire to own an object is increasing in the number of people who cannot have it.

3.2 Survey Design

The first survey includes two experimental conditions: the main ("harm") treatment and the "no harm" treatment. In both conditions, participants are presented the following scenario:

> The government intends to impose a 15% tariff on [country]. Tariffs are a tax on imported goods from other countries. For example, if you spent $200 on imported objects such as groceries or a phone before the policy, these will cost you $230 after the policy is implemented.

In the main treatment, respondents are asked whether they support the above proposed tariff policy. In the *no harm*, participants are given additional information stating that the tariff will encourage domestic production but will not harm the targeted foreign country.[8] In both treatments, respondents indicate their level of support using a five-point scale: *strongly in favor, in favor, neither in favor nor against, against,* or *strongly against*. The targeted country (China, Mexico, or Canada) is randomized across respondents.

[8] See Question 2 in Appendix B.1 for the exact wording.

We also presented all respondents a second policy that raises prices but does not have the national pride and rivalry element of international trade.[9] Specifically, we tell respondents:

> The government intends to pass a stimulus bill that will lower interest rates. This will likely lead to a 15% increase in prices. For example, if you spent $200 on objects such as groceries or a phone before the policy, these will cost you $230 after the policy is implemented. Would you support this policy?

Following the policy questions, we ask respondents about their political preferences as well as their agreement with questions related to zero sum thinking, drawn from Chinoy et al. (2023). These statements are listed in Appendix B and are combined into an index by taking the average over an individual's response to all statements.

In the first survey, we expect that those with preferences for exclusion will have higher support for tariffs in the main treatment ("harm") than in the *no harm* treatment. The second survey further tests for this mechanism. We examine whether individuals with superiority-seeking attitudes support trade policies that harm foreign countries even at a cost to American consumers. To do so, we ask respondents whether they agree that "[t]he US government should ensure via the appropriate trade policy that living standards in the U.S. stay well above living standards in China even if these trade policies mean that goods [...] that you used to buy become more expensive". We then test whether superiority seeking explains other support for other policies that have seemingly harmful economic ramifications for the voter.

3.3 Variable Definitions

We define variables per our pre-registration. We identify someone has having preferences for exclusion if their willingness to pay for the painting described in

[9] Those with exclusionary preferences, especially if they are higher income, may believe that higher prices prevent lower income individuals from consuming goods that they are able to consume.

Section 3.1 is increasing in the number of coins that are tossed. Tariff support is, in the survey, measured on a scale of one to five where one means the respondent strongly opposes the policy, three means the respondent is neutral, and five means the respondent strongly support the policy. For our main specification we create an indicator that takes the value one if the respondent supports or strongly supports a tariff policy. We do the same for support for the stimulus policy.

4 Results

4.1 Preferences for Exclusion and Tariff Support

We begin by examining how tariff support varies with preferences for exclusion. Column 1 of Table 1 reports the results from regressing tariff support on an indicator for exclusionary preferences, as defined in Section 3.3. Respondents with exclusionary preferences are 7.2 percentage points more likely to support tariffs—a 30% increase relative to the mean support among individuals without such preferences (23.8%).

To test whether this difference in support operates through a desire to exclude foreign countries that would like to trade with the U.S. from the consuming U.S. goods, we compare support across the *harm* and *no harm* treatments. Column 2 presents estimates from the following specification:

$$Support_i = \beta_1 Sup_i + \beta_2 NH_i + \beta_3 (NH_i \times Sup_i) + \epsilon_i \tag{2}$$

where Sup_i is an indicator that respondent i has exclusionary preferences and NH_i is an indicator for being in the *no harm* treatment.

In line with our model, tariff support in the main treatment is 12 percentage points higher among with exclusionary preferences than those without. Tariff support among those *without* exclusionary preferences is then significantly higher in the *no harm* treatment than the main treatment. In fact, there is no statistically significant difference between those with and without exclusionary preferences in the *no harm* treatment. Because $\alpha = 0$ for those without exclusionary preferences, and because the *National Pride* term goes to zero for those with exclusionary pref-

erences, the model predicts no difference in support in the *no harm* treatment. The level differences across treatments could be driven by the fact that we mention that the tariff policy spurs U.S. growth. However, key to our model is the differences in support in the two conditions.

Columns 3-5 restrict the sample to participants in the main treatment and sequentially add controls for other attitudes that could confound the relationship between exclusionary preferences and tariff support. We control for political preferences in column 3, noting that this could be a "bad control" due to its potential endogeneity, and an index for zero sum thinking in column 4.[10] While political ideology partially mediates the relationship (e.g., Democrats are less likely to hold exclusionary preferences), the core association between exclusionary preferences and tariff support remains strong and statistically significant. In contrast, zero-sum thinking does not appear to be related to tariff support.

It is worth noting that for any omitted variable to explain the result, it would need to be correlated with both tariff support and exclusionary preferences, in addition to explaining the difference in support in the *harm* and *no harm* treatments. For example, those with exclusionary preferences are more likely to be Republican. However, for the results to be driven by political preferences rather than exclusionary preferences, it would need to be the case that Republicans are more likely to support tariffs (for reasons other than their exclusionary preferences) only when tariffs could harm the other country's consumption.

In Column 5, we examine whether the target country moderates treatment effects, using Canada as the omitted baseline category. We find no significant differences in tariff support based on the targeted country, suggesting that the observed effects are not driven by hostility toward any specific trading partner.

Finally, Appendix Table A.1 shows that the results are robust to using a continuous measure of support as opposed to the pre-specified binary measure.

[10] Zero sum thinking is a bias or way of viewing the world in which one believes that the gains to some come at an expense to others, and has been shown to correlate with a range of political preferences and policy attitudes (Chinoy et al., 2023).

4.2 Support for Other Exclusionary Foreign Policies

One implication of our model is that those with preferences for exclusion may be willing to make themselves worse off in terms of material consumption because of the utility boost they get from knowing that the foreign nation is excluded from consumption. Such preferences could therefore explain the seemingly paradoxical support for policies that make the voters who wanted those policies worse off.

Table 2 presents results from the second, shorter survey and provides suggestive evidence that respondents with exclusionary preferences support policies that make them materially worse off. The first column replicates our main result with the new survey sample. The second column shows agreement with the statement, "[t]he US government should ensure via the appropriate trade policy that living standards in the U.S. stay well above living standards in China even if these trade policies mean that goods [...] that you used to buy become more expensive" (see Question 3 in Appendix B.1). Although the correlation is not statistically insignificant, the coefficient is similar to our main result, suggesting that respondents with preferences for exclusion support policies that make themselves worse off as long as they maintain a wedge between their group and an out-group (in this case, China).

We have so far provided evidence that exclusionary preferences predicts tariff support. We conclude by showing that preferences for exclusion more broadly explains support for protectionist policies that harm American consumers. In the second survey, we asked four questions related to protectionist foreign policies, drawn from Baughn and Yaprak (1996). The questions (question 4 in Appendix B.1), relate to the purpose of trade, restriction of foreign investments, the the taxation of foreign products, and which products should be purchased abroad. Each of these policies has the potential to harm American consumers.

Table 3 shows the relationship between exclusionary preferences and support for each of these policies (measured as a binary variable, agree or disagree with the policy). Column 5 takes the average agreement across all four questions and combines them into an index. We see higher levels of support among those with motives for exclusion for all policies except for taxing foreign goods. Overall, the results show that motives for exclusion can help explain support for policies that

may harm the very people who vote for them.

4.3 Response to Higher Prices without Foreign Exclusion

We have shown that preferences for exclusion drive support for tariffs even when they raise consumer prices. Our findings thus suggest that consumers may be more tolerant of inflation when it results from nationalist policies as opposed to other government policies. To test this more directly, we asked respondents in the first survey about their support for another policy that could generate inflation: economic stimulus.

Table 4 reports the results from the stimulus policy question described in Section 3.2, which also involves a 15% price increase but lacks the exclusionary framing of tariffs. We find that individuals with exclusionary preferences are only 5 percentage points more likely to support the stimulus policy, compared to 12 percentage points more likely to support tariffs in the *Harm* treatment. The difference between these coefficients is statistically significant ($p = 0.068$). When we control for political preferences and zero-sum thinking, the magnitude of the association declines to 3.7 and 3.3 percentage points respectively.

Taken together, these results suggest that exclusionary preferences are only weakly associated with support for inflationary policies in general. The stronger and more consistent relationship with tariff support appears to stem from the exclusionary nature of trade restrictions. This pattern helps explain why inflation caused by tariffs may not generate the same political costs for leaders as inflation arising from other sources.

5 Conclusion

Tariffs have been shown to largely harm the U.S. economy by raising prices and having negligible direct impacts on employment, and negative indirect impacts Amiti et al. (2019); Autor et al. (2024). Yet they remain popular among U.S. voters, pulling them toward the right. This paper shows that exclusionary preferences help explain this phenomenon. By extending the theory of exclusionary prefer-

ences to trade, we show that individuals may support tariffs not despite their costs but because they diminish foreign consumption. Using two surveys, we provide evidence that those with exclusionary preferences disproportionately back tariffs and other protectionist policies when they disadvantage trading partners, but not when they leave foreign consumption unaffected.

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Tables

TABLE 1: EXCLUSIONARY PREFERENCES AND TARIFF SUPPORT

	Supports Tariff Policy				
	(1)	(2)	(3)	(4)	(5)
Sample:			Main Treatment		
Exclusion	0.072***	0.123***	0.076**	0.116***	0.144***
	(0.025)	(0.032)	(0.031)	(0.038)	(0.055)
No Harm Treatment		0.152***			
		(0.025)			
Exclusion × No Harm		-0.104**			
		(0.049)			
Democrat			-0.288***		
			(0.028)		
Zero Sum Index				0.001	
				(0.054)	
China					0.014
					(0.036)
Mexico					0.046
					(0.037)
China × Superiority					0.016
					(0.080)
Mexico × Superiority					-0.080
					(0.078)
Observations	1500	1500	764	564	764

Note: This table shows the relationship between an indicator for a respondent having exclusionary preferences and an indicator for tariff support. *Exclusionary* is an indicator that a respondent's willingness to pay for the print was higher when they were able to roll three die than one die, as specified in Section 3.1. *No Harm Treatment* is an indicator that the respondent was randomized into the treatment in which we specify that the trading partner is unharmed by the tariffs. Columns 1-2 include the full sample and columns 3-5 restrict to respondents in the main ("harm") treatment. In columns 3 and 4 we control for the respondent being a Democrat and for their degree of zero sum preferences respectively. In column 5 we control for the trading partner country. Robust standard errors are in parentheses.

TABLE 2: SUPPORT WHEN TARIFFS HURT AMERICAN CONSUMERS

	Supports Tariff Policy	
	Tariffs on China	Tariffs that Increase Prices
	(1)	(2)
Exclusion	0.156**	0.113
	(0.065)	(0.076)
Observations	201	201

Note: This table shows the relationship between exclusionary preferences and support for tariffs on China (column 1) and agreement with the following statement: "The US governemnt should ensure via the appropriate trade policy that living standards in the U.S. stay well above living standards in China even if these trade policies mean that goods that you used to buy become more expensive" (column 2). The outcomes in both columns are indicators for agreeing with the statements. Robust standard errors are in parentheses.

TABLE 3: OTHER POLICIES

	Supports Policy:				
	U.S. on top	Restrict FDI	Tax Foreign	Restrict Buying	Index
	(1)	(2)	(3)	(4)	(5)
Exclusion	0.113**	0.147**	-0.013	0.123*	0.196***
	(0.050)	(0.073)	(0.077)	(0.068)	(0.075)
Observations	201	201	201	201	201

Note: This table shows the relationship between an indicator for a respondent having exclusionary preferences and an indicator for agreeing with sentiments about different government policies. The statement in column (1) is "In our trade relations with other countries, it is important that the U.S. comes out on top"; in column (2) is "Foreign investment in the U.S. should be restricted"; in column (3) is "Foreign products should be taxed heavily to reduce their entry into the U.S."; and in column (4) is "We should buy from foreign countries only those products that we cannot obtain within our own country". The outcome in column (5) is an index, showing the average agreement across all statements. Robust standard errors are in parentheses.

TABLE 4: EXCLUSIONARY PREFERENCES AND STIMULUS SUPPORT

	Supports Stimulus Policy		
	(1)	(2)	(3)
Exclusion	0.049***	0.037**	0.033*
	(0.018)	(0.018)	(0.019)
Democrat		-0.086***	
		(0.016)	
Zero Sum Index			0.030
			(0.028)
Observations	1500	1500	1300

Note: This table shows the relationship between an indicator for a respondent having exclusionary preferences and an indicator for supporting government stimulus policies. Robust standard errors are in parentheses.

A Appendix

TABLE A.1: ROBUSTNESS: CONTINUOUS MEASURE OF SUPPORT

	Supports Tariff Policy (1-5)			
	(1)	(2)	(3)	(4)
Sample:			Main Treatment	
Exclusion	0.200***	0.281***	0.139**	0.322***
	(0.047)	(0.067)	(0.060)	(0.079)
No Harm Treatment		0.372***		
		(0.054)		
Exclusion × No Harm Treatment		-0.168*		
		(0.093)		
Democrat			-0.878***	
			(0.057)	
Zero Sum Index				0.061
				(0.121)
Observations	1500	1500	764	564

Note: This table shows the relationship between an indicator for a respondent having exclusionary preferences and a continuous measure of support for tariffs. Tariff support is measured on a scale of 1-5 (strongly against, against, neither in favor of against, in favor, and strongly in favor).

B Survey Appendix

B.1 Policy Questions

1. The government intends to impose a 15% tariff on [Canada/China/Mexico]. Tariffs are a tax on imported goods from other countries. For example, if you spent $200 on imported objects such as groceries or a phone before the policy, these will cost you $230 after the policy is implemented. Would you support this policy?
2. The government intends to impose a 15% tariff on [Canada/China/Mexico]. Tariffs are a tax on imported goods from other countries. For example, if you spent $200 on imported objects such as groceries or a phone before the policy, these will cost you $230 after the policy is implemented. When thinking about the policy, consider the case where the tariff has the intended effect domestically—it incentivizes companies to produce more goods in the US—but does not hurt the target country—the country finds another market to sell to. Would you support this policy?
3. Do you think that the US government should ensure via the appropriate trade policy that living standards in the US stay well above the living standards in China even if these trade policies mean that goods (such as computers, phones, and household goods) that you used to buy become more expensive?
4. Do you agree or disagree with the following:
    - In our trade relations with other countries, it is important that the U.S. comes out on top
    - Foreign investment in the U.S. should be restricted
    - Foreign products should be taxed heavily to reduce their entry into the U.S.
    - We should buy from foreign countries only those products that we cannot obtain within our own country
5. Consider the following scenario. The government intends to pass a stimulus bill that will lower interest rates. This will likely lead to a 15% increase in

prices. For example, if you spent $200 on objects such as groceries or a phone before the policy, these will cost you $230 after the policy is implemented. Would you support this policy?

B.2 Questions Measuring Zero Sum Thinking

The possible responses to all statements are: strongly disagree, disagree, neither agree nor disagree, agree, strongly agree.

1. In the United States, there are many different ethnic groups (Blacks, Whites, Asians, Hispanics, etc). If one ethnic group becomes richer, this generally comes at the expense of other groups in the country. To what extent do you agree with this?
2. In the United States, there are those with American citizenship and those without. If those without American citizenship do better economically, this will generally come at the expense of American Citizens. To what extent do you agree with this?
3. In international trade, if one country makes more money, then it is generally the case that the other country makes less money. To what extent do you agree with this?
4. In the United States, there are different income classes. If one group becomes wealthier, it is usually the case that this comes at the expense of other groups. To what extent do you agree with this?

C Theory Appendix

Example of $WE \not\subseteq T_d(e)$. Consider a setting with two goods (z, y) an equal N number of consumers in each country, and assume that all consumers have Cobb-Douglas consumption utility $u_k(z, y) = (yz)$. Let the endowment of a consumer from country A be ω_z, ω_y and that from country B bu $(1-\omega_z, 1-\omega_y)$ normalizing the total endowment to be (N, N). Here there is a unique symmetric Walrasian equilibrium. It is supported by price ratio $(p_y/p_z) = 1$ and leading to consumers from country A and from country B consuming bundles $(\frac{(\omega_z+\omega_y)}{2}, \frac{(\omega_z+\omega_y)}{2})$ and $(\frac{(2-(\omega_z+\omega_y)}{2}, \frac{2-(\omega_z+\omega_y)}{2})$. As an extreme case consider $\omega_z = 0$ and $\omega_y = 1$. Here in autarky, each consumer i enjoys no consumption utility, but a superiority boost of α_i. Instead, under free trade, consumption utility rises to be 0.25 and superiority is $\alpha_i 0.5$. Hence as long as $\alpha > 0.5$ autarky Pareto dominates free trade for both countries. Since everything is continuous, the logic extends to a wide range of initial endowments. There are also endowments where one country gains and the other loses from free trade.

Proof of Proposition. The first two points are immediate. Notice that when the consumption utilities of people increases, the superiority boost (national pride) of each consumer of each country decreases. Since for a trade to be individually rational consumption utilities must rise, the third statement follows. Furthermore, it follows that if $x \in T(e)$ for some α, then it must be that the superiority associated with x it is smaller than the superiority associated with e. In turn, if $\alpha' > \alpha$, then from $e \prec_{k,\alpha'} x$ it follows that $e \prec_{k,\alpha} x$. For the fourth point, from the fact that $\overline{T}(e)$ is not empty, given the assumption on the consumption utilities, it follows that there exists x such that for each $i \in I_k$, $u_k(x_i) = u_k(e_i)$, but for each $i \in I_{-k}$, $u_{-k}(x_i) > u_{-k}(e_i)$. In turn, the overall utility of consumers from nation k is lower under x than under e for any $\alpha > 0$.