RESEARCH BRIEF • OCTOBER 2025

Jealousy of Trade: Exclusionary Preferences and Economic Nationalism

Based on BFI Working Paper No. 2025-138, "Jealousy of Trade: Exclusionary Preferences and Economic Nationalism," by Alex Imas, University of Chicago; Kristóf Madarász, London School of Economics; and Heather Sarsons, University of Chicago

Many voters support tariffs and protectionist policies that materially hurt them because they derive value from consuming or possessing goods that others want but do not have. Individuals with such "exclusionary preferences" are significantly more willing to accept higher prices from tariffs than from other policies, like stimulus spending.

Why do voters support protectionist policies that materially harm them? Recent evidence shows that tariffs raise consumer prices and generate retaliatory trade measures that reduce employment. Such policies remain politically popular, however, particularly among those most economically affected. In this paper, the authors offer a new explanation: support for nationalist economic policies stems from a fundamental desire for dominance, which generates preferences for excluding others from consumption opportunities.

The authors build on prior research documenting that a substantial portion of the population derives utility not just from consuming goods, but from consuming goods that others desire but cannot obtain. They incorporate this desire for dominance into a model of international trade, showing that such exclusionary preferences reduce the value of trade and generate support for restrictive policies. The model predicts that people with exclusionary preferences will support tariffs that harm both their own consumption and their trading partner's consumption, but will show no such preference for policies that affect only domestic consumption.

To test these predictions, the researchers conduct two surveys. They begin by measuring respondents' exclusionary preferences using an incentivized experimental method in which participants bid on a unique good under three scenarios with varying degrees of exclusion of other potential buyers. Those whose willingness to pay increased with the level of exclusion are classified as having "preferences for exclusion," a pattern observed in roughly 40% of respondents (consistent with prior research). Respondents are then randomly assigned to evaluate tariff policies under different conditions and asked about their support for various economic policies.

The authors find the following:

- Exclusionary preferences strongly predict tariff support, but only when tariffs harm trading partners. Those with exclusionary preferences are 12.3 percentage points more likely to support a 15% tariff that would raise prices domestically. When respondents are told the tariff would not harm the foreign country, support between those with and without exclusionary preferences is statistically indistinguishable.

- Those with exclusionary preferences are more accepting of inflation caused by tariffs than by other policies. When comparing support for tariffs versus stimulus policies that would generate identical 15% price increases, respondents with exclusionary preferences show significantly higher support for tariffs.
- Exclusionary preferences predict support for a broad range of protectionist policies that harm domestic consumers. Beyond tariffs, those with exclusionary preferences are significantly more likely to support policies explicitly designed to maintain consumption gaps between nations, even when informed these policies would raise prices for Americans. They also show higher support for restricting foreign investment, emphasizing that the US should "come out on top" in trade relations, and limiting purchases from foreign countries. These patterns held across different trading partners (China, Mexico, and Canada), suggesting the effects are not driven by hostility toward specific nations.
- The relationship between exclusionary preferences and policy support is not explained by political ideology or cognitive biases. While political preferences partially mediate the relationship (Democrats are less likely to hold exclusionary preferences), the core association remains strong and statistically significant after controlling for party affiliation and zero-sum thinking (a cognitive bias where people believe gains for some come at others' expense).

These findings have important implications for understanding the political economy of trade policy. The results suggest that voter support for protectionist measures may be driven less by misunderstanding of economic costs or by narrow self-interest than by a fundamental preference for policies that exclude foreign consumers from consumption opportunities, even at personal economic cost. This helps explain why tariffs remain politically popular despite clear evidence that they raise prices and harm employment. The findings also suggest that inflation stemming from protectionist policies may generate less political backlash than equivalent price increases from other sources, as voters with exclusionary preferences view such costs as more acceptable when they serve to limit foreign consumption.

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NO. 2025-138 · OCTOBER 2025

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