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Republic 3.0 Blog

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New research finds that "soft power" pays.

By Anne Kim


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Countries that enjoy a positive world image may also reap an economic reward: more exports.

According to new research published by the National Bureau of Economic Research, perceptions of a country’s “positive or negative influence in the world” is directly correlated to its sales to other nations.

“Countries tend to do well by doing good,” said study author Andrew Rose of the Haas School of Business Administration at the University of California-Berkeley. “There’s a direct [and] unexpected commercial benefit from being perceived as a good global citizen.”

Rose’s study correlated export data from the International Monetary Fund and the World

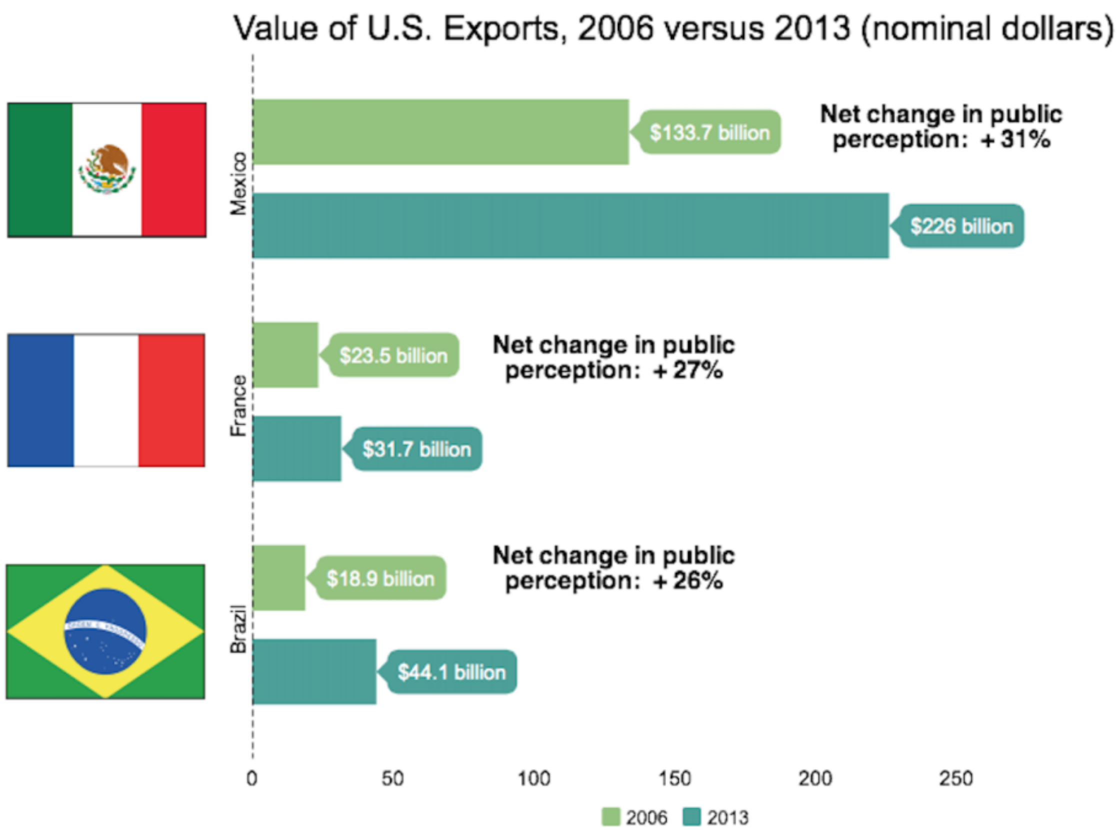
Trade Organization with a well-known measure of global public opinion developed for BBC World Service by GlobeScan and the Program on International Policy Attitudes at the University of Maryland. This measure served as a proxy for measuring a country's "soft power" - i.e., its non-military influence. Rose found that for every one percent net increase in a country's "perceived positive influence," exports also rose by .8 percent.

Consumer preferences may help drive these results, but Rose said it's more likely that businesses engaged in trade are "avoiding the risk of being seen to trade with a pariah state." Rose's research finds, for example, that countries such as Iran and Pakistan "suffer lower exports than they otherwise would."

The United States, on the other hand, has been gaining international fans - and customers.

Rose's study cites three countries where perceptions of the United States have improved dramatically from 2006 to 2013: Mexico, France and Brazil. In Mexico, for example, America's favorability rating jumped from 10 percent in 2006 to 41 percent in 2013, while in France, positive perceptions of America rose from 25 percent to 52 percent over the same period. Brazilians also changed their views about America, from a 33 percent positive rating in 2006 to 59 percent in 2013.

As the following chart shows, exports to these three countries also rose significantly over the same period, according to Commerce Department data:



Sources: Andrew Rose, University of California-Berkely; U.S. Commerce Department

Rose's research has fascinating implications for the impacts of the recently completed Trans-Pacific Partnership (TPP), a massive 12-country trade agreement that includes the United States. If approved by Congress, the agreement would eliminate more than 18,000 tariffs on U.S. exports, according to the Office of the U.S. Trade Representative, including duties on American beef and poultry, cars and even Kentucky bourbon.

While the agreement will open new markets for U.S. exporters, whether the United States can take full advantage of these potential new opportunities could depend on America's continued positive standing in the world and perceptions of its leadership.

Anne Kim is Editor of Republic 3.0.