

# The U.S. Midterm Results Will Accelerate Cooperative Isolationism in Trans-Atlantic Relations

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## EXECUTIVE SUMMARY

For the trans-Atlantic relationship, a GOP-controlled House of Representatives will precipitate a shift in degree rather than kind. Major policy reversals are unlikely, but U.S. watchers should plan for greater emphasis on strategic cooperation that furthers self-sufficiency.

### ***Policy priorities: A GOP-controlled House will be less aligned with Europe on key priorities***

The United States and Europe enjoy a deep relationship built on shared values. As such, there is a good deal of overlap when it comes to the issues on which public audiences in the United States and Europe want to cooperate. Five of their top seven priorities are shared as of the second half of 2022. But partisan divergence on key issues like China policy and export controls — driven by relatively hawkish sentiment among Republican voters — implies greater trans-Atlantic divergence come January.

Given the war on their doorstep, Europeans are more likely to say they are “very concerned” about Russia’s growing global influence and its invasion of Ukraine than they are about China’s rise. The opposite is true of U.S. adults, and particularly Republicans. As such, a GOP-controlled House will find it easier to push the United States to be more hawkish on China. U.S. policymakers will undoubtedly try to pull European allies along, especially as it pertains to elements of economic statecraft that were deployed successfully against Russia, such as export controls. European policymakers will be reluctant to cede to U.S. pressure to curtail trade with China, as their multinationals would benefit from fewer competitors in the Chinese market if America were to go it alone.

***Sanctions: Sanctions on Russia will stick around despite an anticipated pivot in U.S. policymaking to focus more squarely on China***

A Republican majority in the House of Representatives will exercise more oversight over Ukraine-related spending but is unlikely to make lifting sanctions its cause célèbre. A plurality of U.S. adults support energy sanctions on Russia regardless of their inflationary impact, and an additional 30% support sanctions if they don't cause prices to rise. If inflation continues to moderate in the United States, American support for energy sanctions should stabilize.

In Europe, inflation is higher and support for energy sanctions is weaker. This will make any new energy sanctions difficult to sell to skeptical publics. But existing sanctions are likely to be renewed for the time being due to Europeans' extreme concern about Russia's invasion of Ukraine and a precedent of rolling over existing sanctions after requisite horse-trading to ensure unanimity.

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U.S. and European adults favor trans-Atlantic cooperation, but often in the service of making their countries more self-reliant

***Cooperative isolationism: Greater GOP representation in Congress will accelerate the use of international cooperation to expand self-reliance in the face of geopolitical headwinds***

U.S. and European adults favor trans-Atlantic cooperation, but often in the service of making their countries more self-reliant. At a macro level, this "cooperative isolationism" is visible in Americans' foreign policy preferences, which favor both greater isolationism and a multilateral approach to global problem-solving. On each side of the Atlantic, it can also be seen in public attitudes on issues at the intersection of trade and national security, including trans-Atlantic trade agreements, supply chain resilience, critical technology restrictions and friend-shoring. Republican voters are more enthusiastic about cooperative isolationism than both Democrats and independents. A newly GOP-controlled House will give the former group's interests more voice from 2023 onward. This will turn up the heat on U.S.-E.U. disagreements over subsidy reciprocity and other issues. But it will also pave the way for deeper cooperation in other areas, like building joint supply chain resilience for critical minerals commonly used in green technologies.

SECTION 1: DIFFERENCES IN DEGREE RATHER THAN KIND

**The newly GOP-controlled House will amplify existing U.S.-E.U. disagreements on the relative importance of key policy priorities, but it is unlikely to completely alter the trajectory of trans-Atlantic policy coordination**

U.S. voters on both sides of the aisle support cooperation with Europe on energy security, export controls and encouraging China to play a constructive role in international affairs. However, there are notable partisan divides in Democrats' and Republicans' relative prioritization of cooperating on environmental protection, labor rights, investment screening and supply chain resilience.

**U.S. adults' priorities for cooperation with Europe by party affiliation**



Methodology note: Survey conducted Oct. 29-31, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

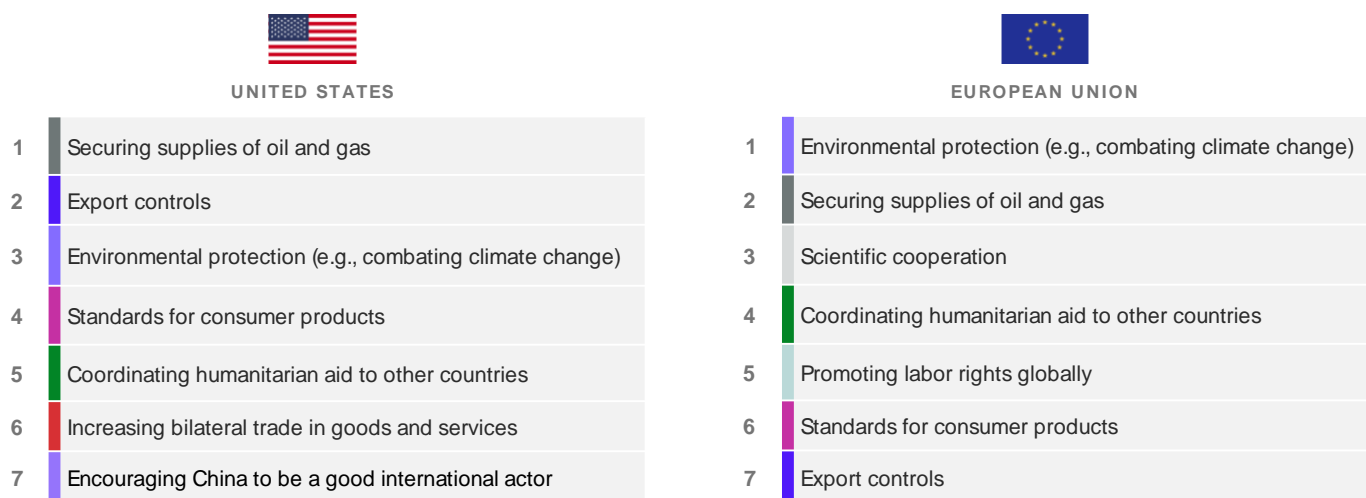
Republicans are more hawkish on both China and controls on critical technologies

Republicans are more hawkish on both China and controls on critical technologies, whether through investment screening, export controls or semiconductor supply chain resilience. They are also more in favor of increasing trade in goods and services, though they are slightly less likely to support negotiating traditional free trade agreements with European allies (see Section 3).

On the issues where Europeans and American voters diverge most strongly — the prioritization of scientific cooperation and export controls — Europeans and Republican voters disagree even more. Comparing U.S. and European priorities in early 2H 2022 shows that reordering U.S. priorities to be more in line with Republican voters’ preferences would thus put the United States and its European allies more at odds on issues where they are already misaligned. But with the exception of climate change and humanitarian coordination, upweighting GOP voters’ interests would not introduce new misalignments in other issue areas.

As Republicans assume the House majority in January, we therefore expect the divergence in U.S. and European policy priorities to become starker but not qualitatively different.

U.S. and E.U. adults’ top seven priorities for trans-Atlantic cooperation as of July 2022, ranked by share



Methodology note: Surveys conducted July 7-8, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and July 12-16 in France, Germany, Italy, Spain and the Netherlands among representative samples of 1,000 adults per country, with unweighted margins of error of +/-3 percentage points.

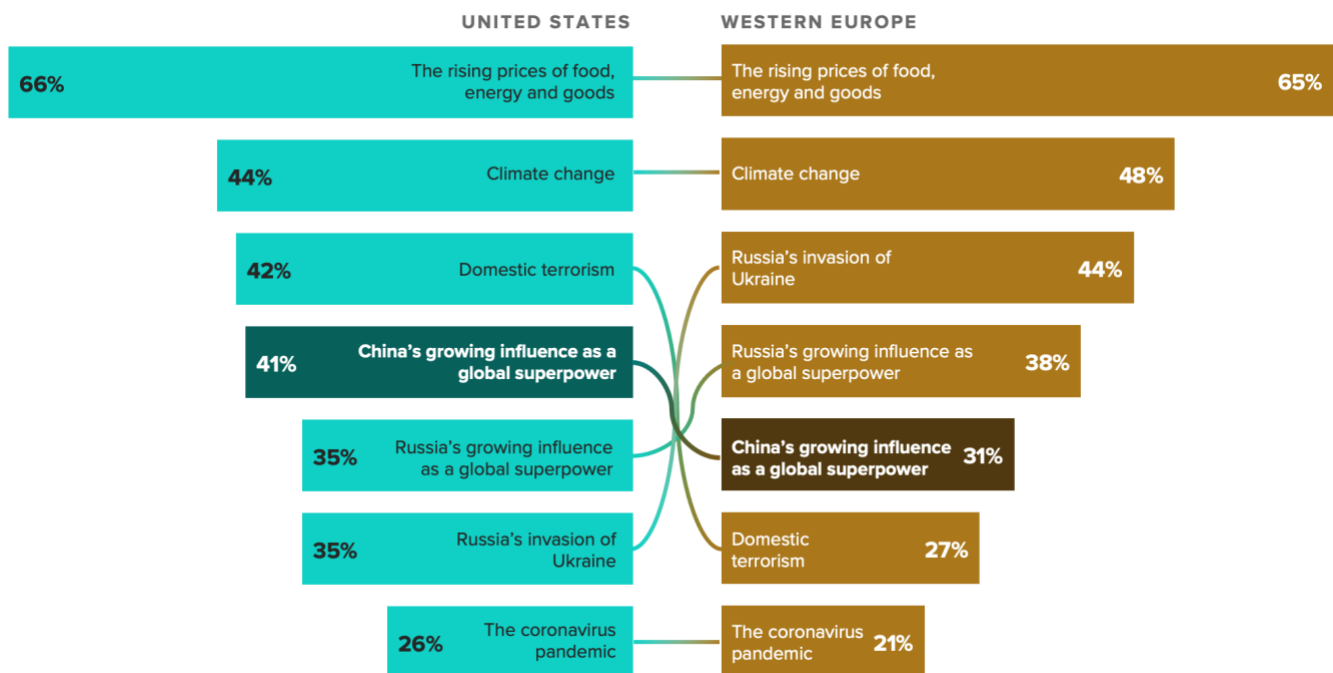
SECTION 2: YOU SAY RUSSIA, I SAY CHINA

**Americans and Europeans have different views on which country constitutes the “immediate threat” versus the “pacing challenge”**

Europeans view Russia’s invasion of Ukraine as a [seminal event](#), precipitating NATO’s and America’s [re-engagement](#) on the continent while placing efforts to manage relations with China on the back burner. American policymakers, meanwhile, view Russia’s invasion as an “immediate threat” to the prevailing international order, but one that is essentially a detour from prioritizing competition with China as the nation’s “pacing challenge,” as the latter is called in the latest U.S. [National Security Strategy](#).

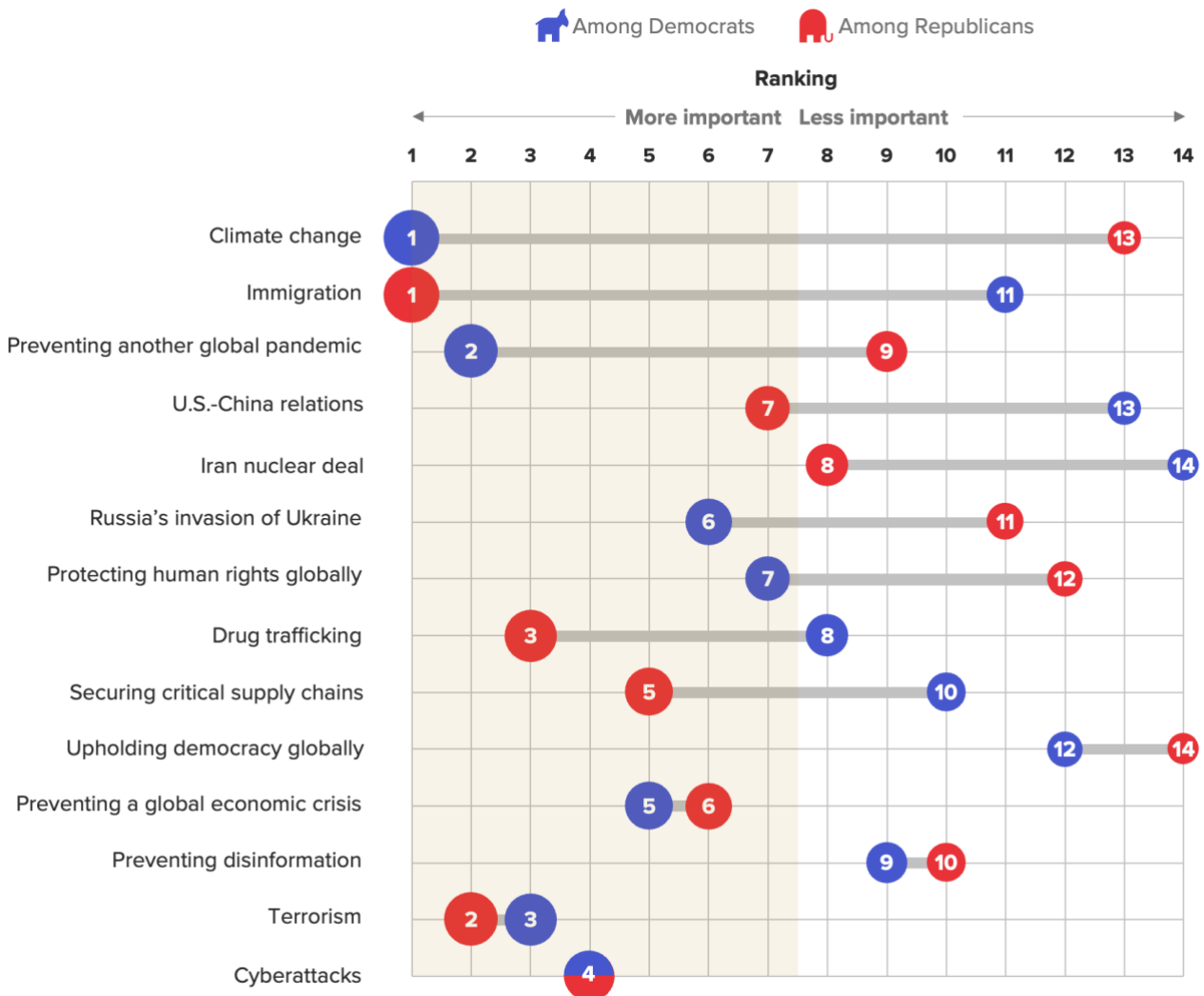
Public views reflect these competing priorities: The share of U.S. adults who are very concerned about China’s rising global influence (41%) is larger than for Russia’s (35%). For Europeans, the trend is reversed: 38% are very concerned about Russia, compared with 31% who are concerned about China.

**Shares who say they are “very concerned” about each of the following:**



*Methodology note: Surveys conducted Sept. 1-3, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and Aug. 31-Sept. 1, 2022, among representative samples of 1,000 adults each in Germany, France, Spain, Italy and the United Kingdom, with unweighted margins of error of +/-3 percentage points.*

In the United States, attitudes among Democratic and Republican voters exhibit this same divergence. When asked about their top foreign policy concerns, Republicans rank Russia policy 11th, compared with sixth for Democrats. By contrast, Republicans rank U.S.-China relations as their seventh foreign policy priority, as opposed to 13th for Democrats.



*Methodology note: Rankings derive from a survey conducted Oct. 27-28, 2022, among a representative sample of 2,005 registered voters, with an unweighted margin of error of +/-2 percentage points.*  
*Data: See leading tabbed barplot from U.S. foreign policy tracker (Dem/Rep tabs) for ranking based on share. Data comes from [Wave 16](#) of the USFP tracker (for confirmation of survey fielding dates and sample sizes).*  
*Figure: see [here](#), rankingsbyparty.pptx*

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20% of GOP voters say the United States isn't doing enough to halt Russia's invasion, while 31% say the United States is doing too much

A GOP-controlled Congress could amplify this mismatch in the context of trans-Atlantic relations in two ways. First, the Republican majority in the House could directly influence these dynamics through the power of the purse by threatening to [decrease funding](#) for Ukraine, especially if GOP legislators perceive that continuing to provide aid decreases [overall U.S. military readiness](#) to deter China. Threats to cut funding appear credible as far as public opinion is concerned: [As of Nov. 21](#), 20% of GOP voters say the United States isn't doing enough to halt Russia's invasion, while 31% say the United States is doing too much.

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Republican legislators could pose an implicit challenge to the Biden administration by trying to "out-hawk" it on China policy

Second, Republican legislators could pose an implicit challenge to the Biden administration by trying to "out-hawk" it on China policy, motivating the White House to become even tougher on China, a country that an overwhelming [majority](#) of Democratic and Republican voters view as an enemy or unfriendly (per our forthcoming December 2022 report on the state of U.S.-China relations), even as the issue falls lower on the former group's list of priorities.

For companies exposed to U.S. or European regulatory risks due to their business operations in China and/or Russia, the outcome of the U.S. midterm elections will raise the likelihood of trans-Atlantic disagreement on which threat to prioritize amid persistently elevated U.S.-China tensions (see [here](#) and [here](#)).

As was the case above, the trans-Atlantic mismatch on geopolitical priorities predates the outcome of the U.S. midterm elections. Any change in the trajectory of U.S. policymaking when the next Congress is seated will therefore be one of degree rather than kind.

The most likely exception to this forecast is cooperation on basic research and in the green technology space, where Republicans' skepticism will pose a novel source of disagreement with European partners. That said, a weaker-than-expected GOP showing in the midterms means a major course change is unlikely, to the benefit of companies involved in the green transition: The GOP will struggle to water down the Inflation Reduction Act's scientific and climate funding provisions, leaving the Biden's administrations' foremost green policy initiative intact.

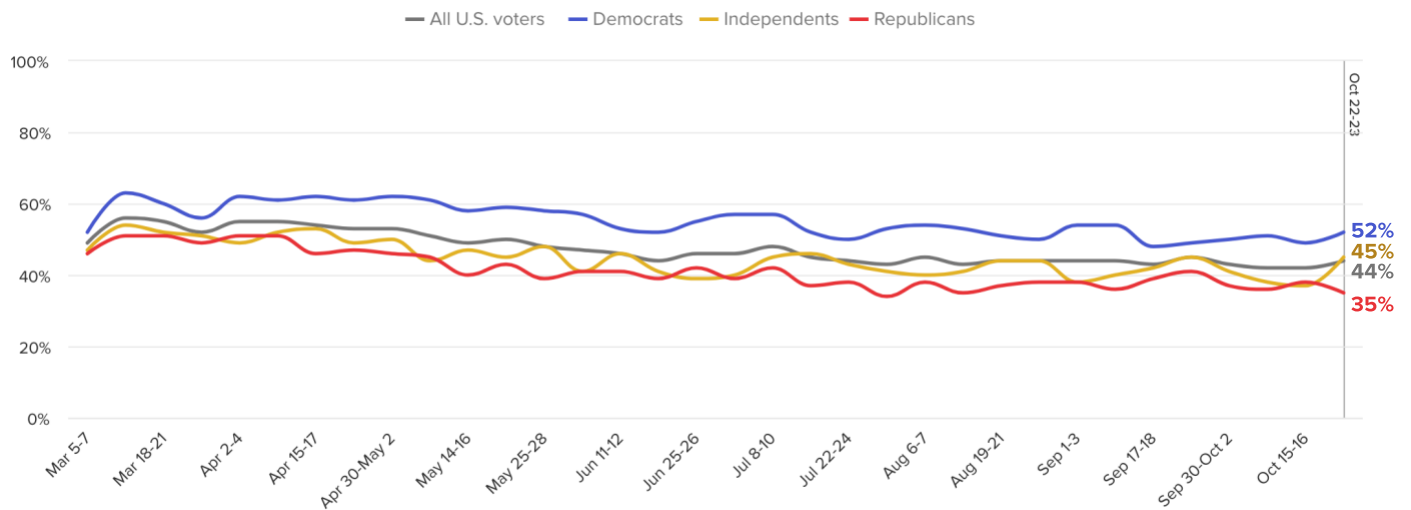
A plurality of U.S. adults, including 52% of Democrats and 35% of Republicans, support energy sanctions on Russia despite their inflationary impact at home

### Sanctions

European policymakers’ [fears](#) that U.S. support for Ukraine could decrease under the next Congress should be less acute with regard to sanctions. Despite Republican voters’ preferences for focusing on China more than Russia, our data suggests these fears — specifically that the United States will push for sanctions relief — are overblown for at least three reasons.

First, a plurality of U.S. adults, including 52% of Democrats and 35% of Republicans, support energy sanctions on Russia despite their inflationary impact at home. An identical share of Republicans also indicate they support sanctions that don’t cause prices to rise. Should inflation continue to moderate over the coming months, support for sanctions among the latter group is unlikely to diminish much, and could potentially rebound if inflation moderates more substantially, buoying policy coordination for trans-Atlantic sanctions.

### Shares of U.S. voters who say “My government should impose sanctions on exports of Russian oil and natural gas even if it causes the price of goods to rise in my country”



Methodology note: Surveys conducted weekly among representative samples of roughly 2,000 registered U.S. voters, with unweighted margins of error of +/-2 percentage points.

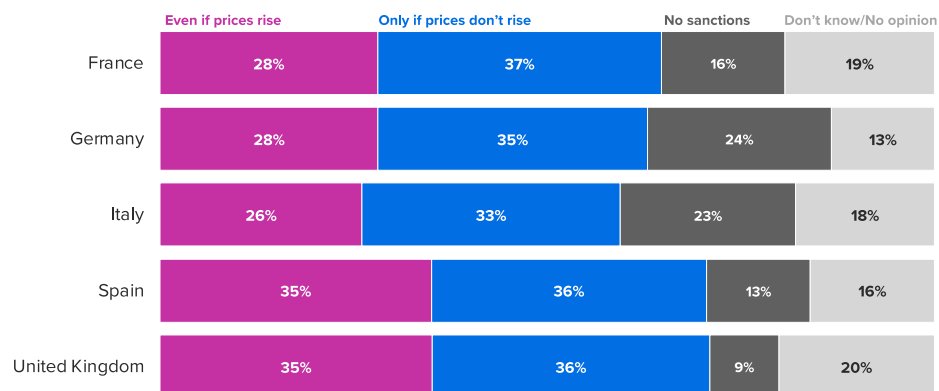
Given these data points and cautiously optimistic U.S. [inflation readings](#) in November, congressional Republicans are unlikely to make lifting of sanctions on Russia their cause célèbre. Procedural elements are also at play. Though Congress has gotten involved in sanctions policy in the past, mostly to push an administration to do more, as in the case of the Global Magnitsky Act, it is extraordinarily difficult for Congress to [forcibly terminate](#) sanctions — even more



so for the GOP under a divided Congress. Still, expect increased oversight of future sanctions moves.

Despite expressing more limited enthusiasm for sanctions than Democrats, Republicans stack up similarly relative to Europeans: GOP voters support sanctions at comparable rates to U.K. and Spanish adults, who are among Europe’s most pro-sanction publics.

**Shares of adults in each of the following European countries who say they support energy sanctions on Russia:**

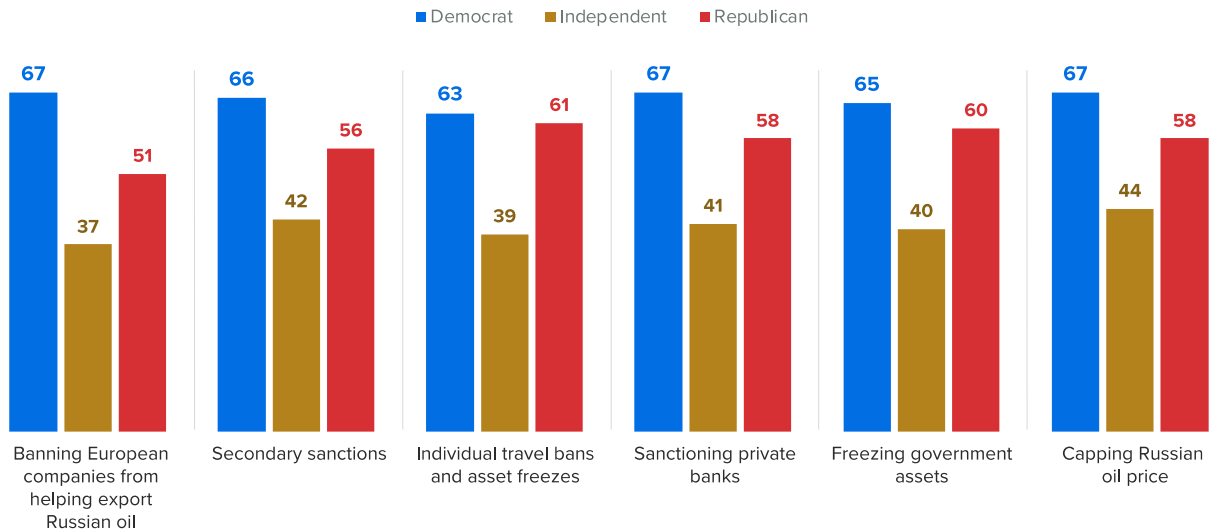


*Methodology note: Surveys conducted Aug. 31-Sept. 1, 2022, among representative samples of 1,000 adults per country, with unweighted margins of error of +/-3 percentage points. Figures may not add up to 100% due to rounding.*

On average, Europeans’ somewhat greater hesitancy to support sanctions relative to Americans — ranging from 26% to 35% in Europe, compared with 44% in the United States — is undoubtedly due to energy inflation, which is generally [higher](#) in Europe. Accordingly, larger shares of Europeans express support for various types of sanctions when survey framing does not reference energy inflation.

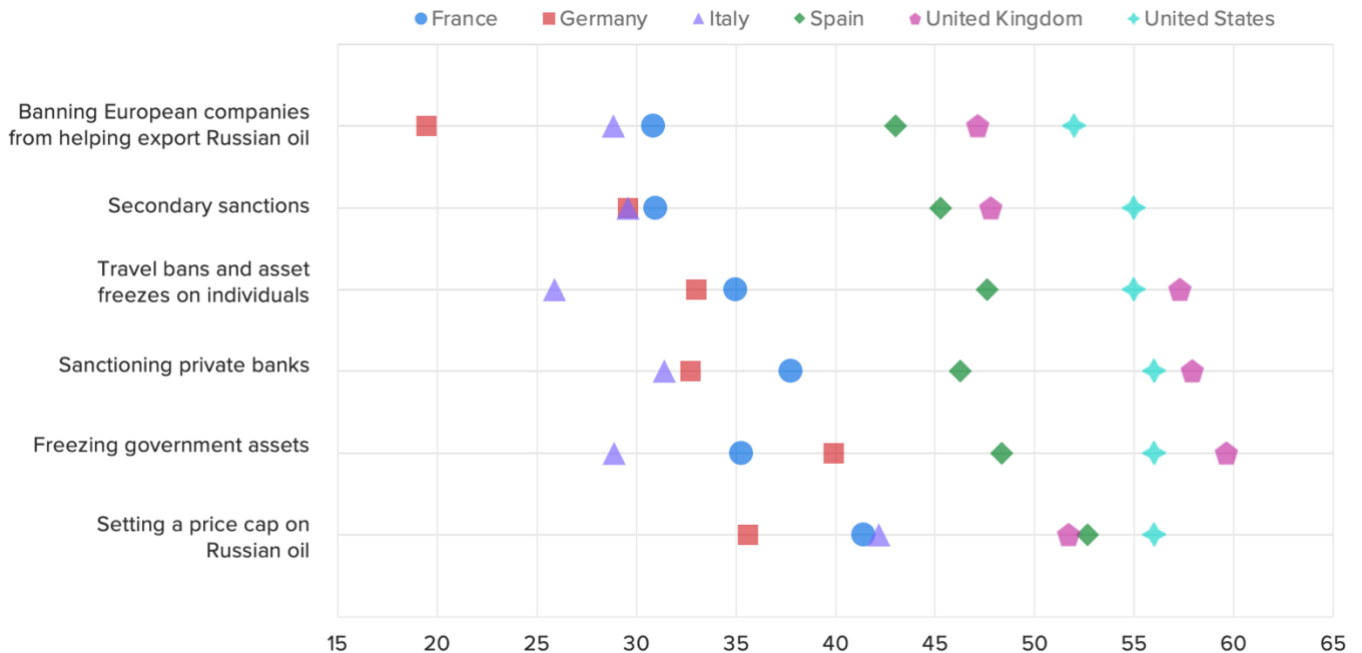
Despite lower levels of support for sanctions among Republican voters relative to Democratic ones, when the issue is framed around the type of sanctions rather than their potential inflationary impact, the difference in support among Republicans and Democrats is much smaller, with both groups supporting them at very high rates. This again suggests more durable Republican support for sanctions if inflation continues to moderate.

**Shares of adults in each party who support the following types of sanctions, minus the corresponding shares who oppose them:**



Methodology note: Survey conducted Sept. 7-8, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points.

**Shares of adults who support each of the following types of sanctions, minus the corresponding shares who oppose them:**



Methodology note: Surveys conducted Sept. 7-8, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and Aug. 31-Sept. 1, 2022, among representative samples of 1,000 adults each in France, Germany, Italy, Spain and the United Kingdom, with unweighted margins of error of +/-3 percentage points.

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Pluralities of Europeans in most countries surveyed only support sanctions if energy prices remain stable

Pluralities of Europeans in most countries surveyed only support sanctions if energy prices remain stable, straining public support for them amid high inflation. There are, nevertheless, two reasons why a European policy U-turn on sanctions will be unlikely when the European Council's existing sanctions package comes up for another six-month [renewal](#) on Jan. 31, 2023. First, as seen in the opening section of this report, many Europeans remain highly concerned about Russia's invasion of Ukraine and strongly favor policy cooperation to address it, of which sanctions are a key part. Second, once European sanctions are [enacted](#), they tend to roll over after necessary [horse-trading](#) with countries like Hungary to reach agreement.

Collectively, these U.S. and European political dynamics make it likely that joint sanctions will remain in place for the time being. Companies and market actors should continue to factor the sanctions into their compliance costs heading into 2023.

### SECTION 3: COOPERATIVE ISOLATIONISM

## A GOP-controlled House will accelerate the trend of pushing cooperation with allies to build greater self-reliance

U.S. and European adults increasingly adhere to a seemingly contradictory set of ideas about foreign policy. Many favor cross-country cooperation on a multitude of issues, but these are explicitly geared toward facilitating self-reliance and insulation from global geopolitical headwinds. In Europe, "strategic autonomy" is the name of the game, while an equivalent term has yet to materialize in the United States.

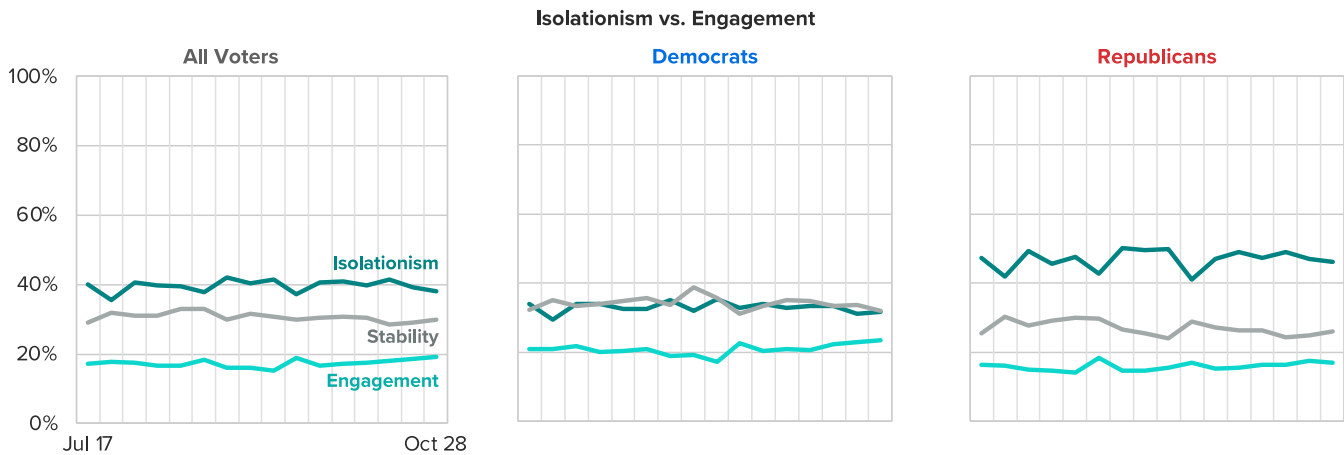
Republican voters' attitudes are more aligned with this dichotomy — which we refer to as "cooperative isolationism" — than either Democrats' or independents'.

Per our [recent research](#) on Americans' foreign policy preferences, voters overall favor greater isolationism — but if push comes to shove, they prefer that any overseas engagement be conducted multilaterally. Compared with Democrats, Republicans are much more prone to favor isolationism over engagement. But they are also slightly more likely to say they prefer a more multilateral approach over either the status quo or heightened unilateralism. Republicans' preference for greater multilateralism is especially noteworthy given the Biden administration's emphasis on multilateral engagement, whereas the Trump administration routinely went in the opposite direction.

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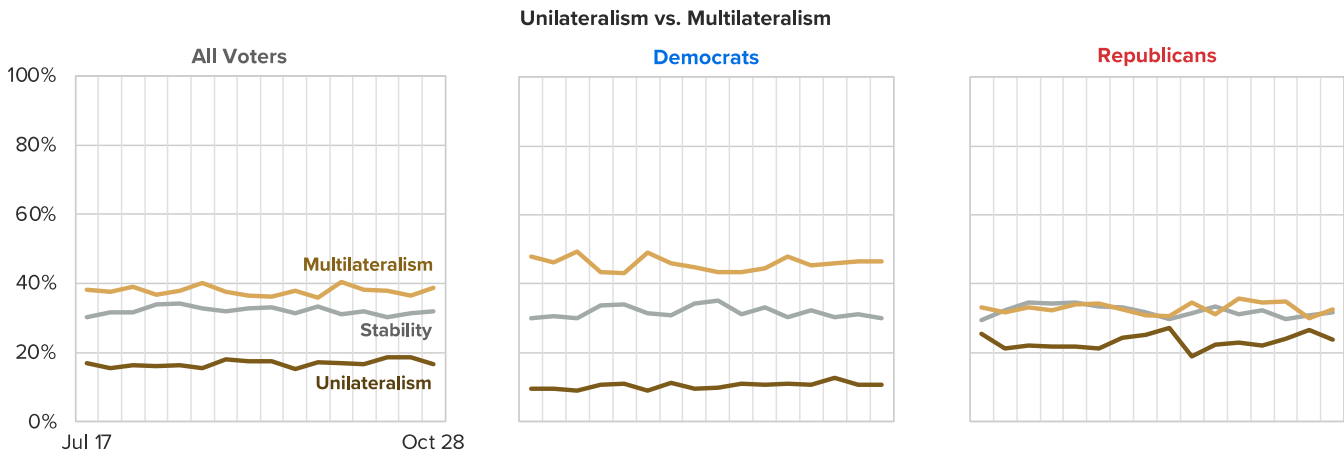
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**Indexes report the shares of voters who favor greater isolationism, stability or engagement in U.S. foreign policy, averaged across six thematic issue areas**



*Methodology note: All data used to construct Morning Consult's U.S. Foreign Policy Sentiment Indexes derives from weekly surveys fielded among representative samples of roughly 2,000 U.S. voters each, with unweighted margins of error of +/-2 percentage points. The data is weighted to approximate representative samples of voters. Data is collected through Morning Consult's proprietary survey research capabilities. Interviews are conducted online. The methodology used to construct each set of indexes can be found [here](#).*

**Indexes report the shares of voters who favor multilateralism, stability or unilateralism in U.S. foreign policy, averaged across three thematic issue areas**



*Methodology note: All data used to construct Morning Consult's U.S. Foreign Policy Sentiment Indexes derives from weekly surveys fielded among representative samples of roughly 2,000 U.S. voters each, with unweighted margins of error of +/-2 percentage points. The data is weighted to approximate representative samples of voters. Data is collected through Morning Consult's proprietary survey research capabilities. Interviews are conducted online. The methodology used to construct each set of indexes can be found [here](#).*

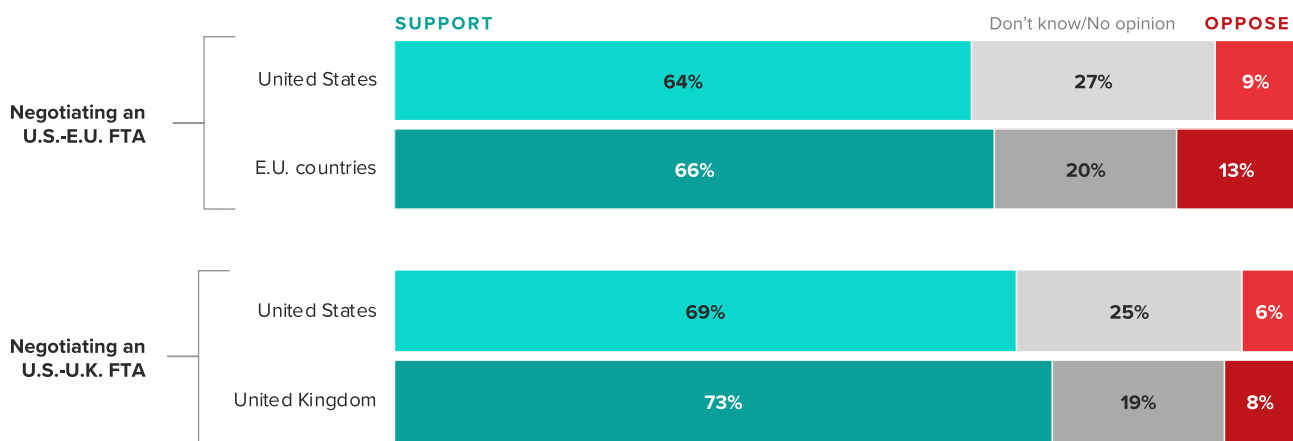
As far as specific policy issues are concerned, cooperative isolationism is especially visible in U.S. and European audiences' attitudes on trans-Atlantic trade agreements, supply chains for critical technologies and friend-shoring.

Majorities of U.S. — and European — audiences express strong support for negotiating trans-Atlantic free trade agreements

### Trade

President Biden’s reluctance to engage in formal trade negotiations with Europe and other U.S. trading partners, particularly during election season, has often been attributed to domestic constituents’ supposed aversion to trade openness. But majorities of U.S. — and European — audiences express strong support for negotiating trans-Atlantic free trade agreements. Among U.S. voters, majorities of both Democrats and Republicans favor FTA negotiations with the European Union (68% and 64%, respectively) and the United Kingdom (71% versus 69%).

#### Support for trans-Atlantic free trade agreements among U.S. and European adults

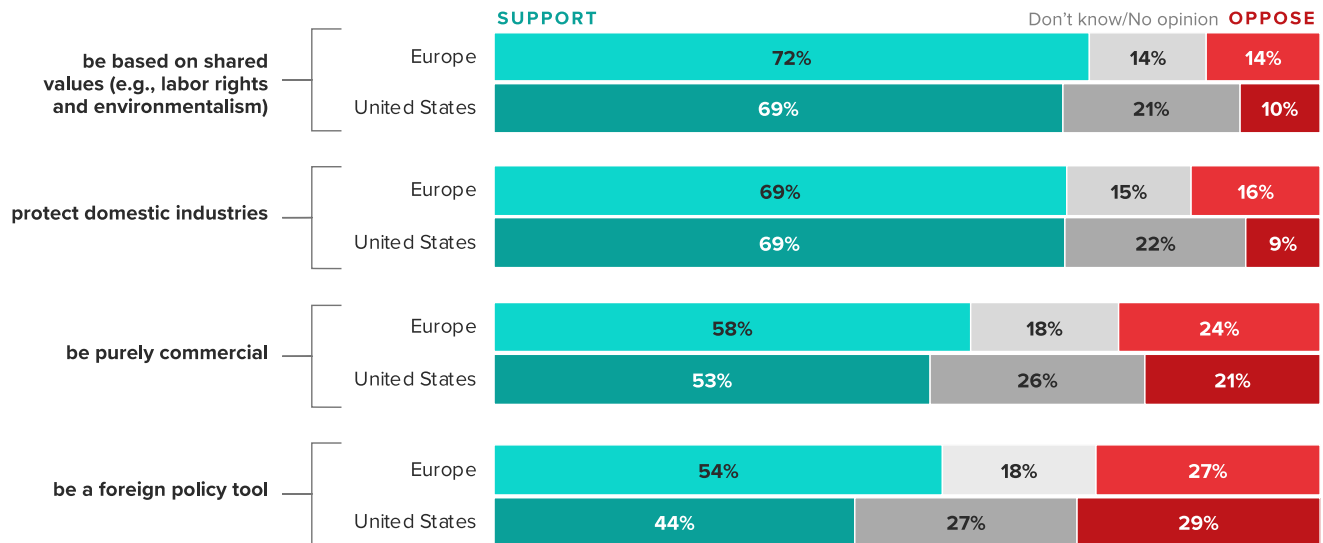


Methodology note: Surveys conducted July 7-8, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and July 12-16, 2022, among a representative sample of 1,000 adults each in France, Germany, Italy, Spain and the United Kingdom, with unweighted margins of error of +/-3 percentage points. Figures may not add up to 100% due to rounding. Values reported for “E.U. countries” represent simple averages of data from the four E.U. countries.

Consumers think trade should be in the service of shared values like environmental protection and labor rights, as well as protect domestic industry. In the United States

The classic [theory of trade](#) emphasizes comparative advantage leading to greater specialization, efficiency and ultimately interdependence as a function of relative labor and capital endowments. But despite ostensibly favoring free trade, many people see trade through a much more protectionist lens. In the United States and Europe, consumers think trade should be in the service of shared values like environmental protection and labor rights, as well as protect domestic industry. In the United States, this preference is bipartisan, with 75% of Democrats and 69% of Republicans agreeing that trade relationships should be based on shared values like these. Indeed, when taking into account margins of error, Republicans are roughly in line with Democrats in supporting free trade agreements, and there is high-level agreement on what those treaties should look like. Republicans are also relatively more keen than Democrats on increasing trade with Europe (see Section 1).

Shares of U.S. and European adults who think trade relationships should ...



Methodology note: Surveys conducted May 9-12, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and Aug. 31-Sept. 1, 2022, among representative samples of 1,000 adults each in France, Germany, Italy, Spain and the United Kingdom, with unweighted margins of error of +/-3 percentage points. Figures may not add up to 100% due to rounding. Values reported for "Europe" represent simple averages of data from the five European countries.

Companies and industry groups interested in specific forms of regulatory cooperation with Europe that would increase bilateral trade should be emboldened by a Republican House to push for engagement

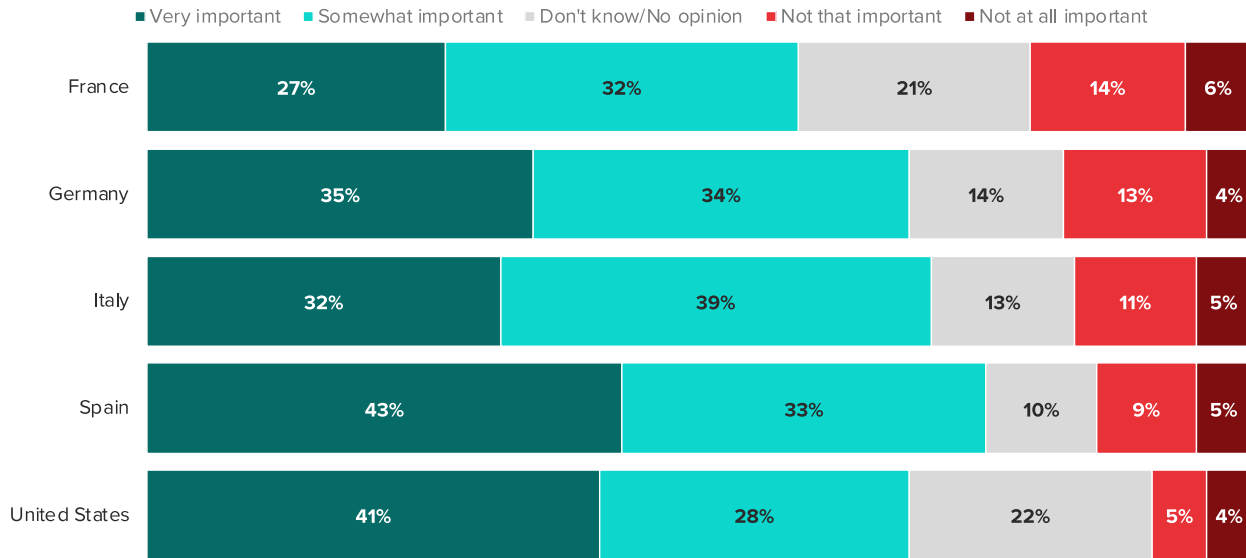
Despite this, Germany's recent [FTA overtures](#) have fallen flat with both Washington and Brussels, and a divided U.S. Congress will have trouble [passing Trade Promotion Authority](#), a necessary precursor to comprehensive trade negotiations. That said, companies and industry groups interested in specific forms of regulatory cooperation with Europe that would increase bilateral trade should be emboldened by a Republican House to push for engagement on the basis of the trends visible in our data. Their narratives to policymakers should emphasize high-quality U.S. and European standards on labor and environmental protection that will benefit consumers in both markets. By contrast, they should shy away from emphasizing the geopolitical benefits of a deal owing to more limited support among U.S. voters for leveraging trade as a foreign policy tool.

**Supply chains for critical technologies**

Public attitudes on building supply chain resilience exhibit this same interplay between isolationism and multilateralism, demonstrating the especially strong preference that U.S. and European adults hold for cooperating with allies to enhance self-reliance. Securing supply chains for critical technologies like semiconductors is one notable example. In practice, trans-Atlantic cooperation in this space will center around deconflicting duplicative subsidies under the [U.S.](#) and [E.U.](#) CHIPS acts. Both sides' passage of large subsidy packages in 2022

aimed at reshoring semiconductor fabrication highlights the challenges that trans-Atlantic policymaking can face despite strong public agreement in principle on the issues at hand.

**Shares of adults in each of the following countries reporting how important it is for the United States and the European Union to cooperate on securing supply chains for high-tech inputs like semiconductors:**



*Methodology note: Surveys conducted May 9-12, 2022, among a representative sample of roughly 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and May 31-June 7, 2022, in France, Germany, Italy, Spain and the United Kingdom among representative samples of 1,000 adults per country, with unweighted margins of error of +/-3 percentage points.*

Increasingly pronounced disagreements between American and European policymakers over U.S. subsidies for electric vehicles under the Inflation Reduction Act threaten to spark a U.S.-E.U. trade war

In a similar vein, climate change is also among U.S. and European adults' priorities for trans-Atlantic cooperation. But increasingly pronounced disagreements between American and European policymakers over U.S. subsidies for electric vehicles under the Inflation Reduction Act threaten to spark a [U.S.-E.U. trade war](#). In effect, European carmakers (along with manufacturers from other U.S. allies like South Korea and Japan) would like their vehicles to be eligible for the same subsidies that U.S. consumers will receive when purchasing electric vehicles produced in America.

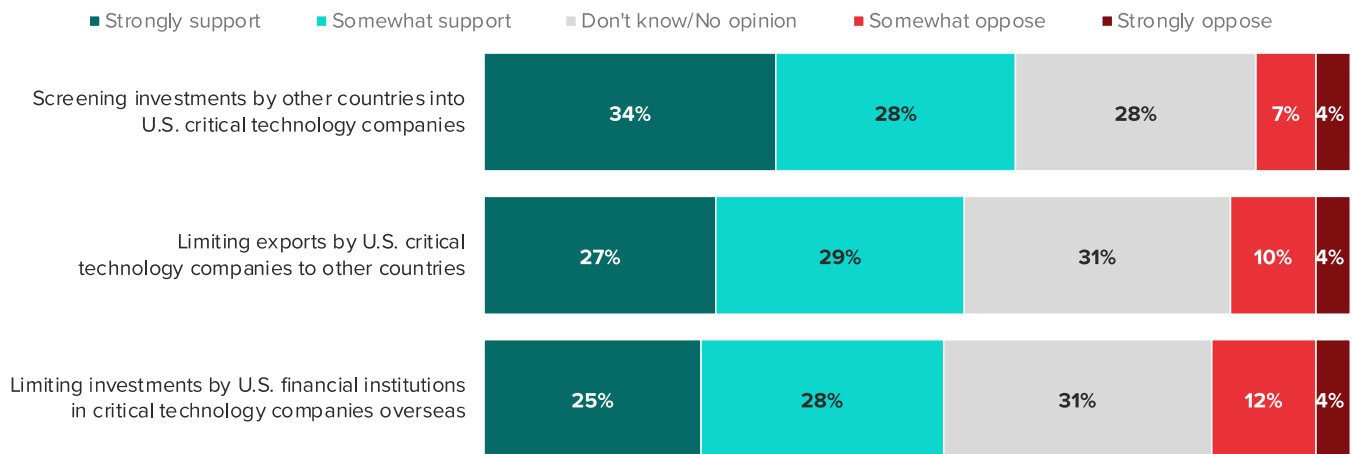
E.U. companies' demands for reciprocity are an attempt to level the playing field with U.S. manufacturers, who stand to gain market share if European competitors' products are ineligible for subsidies. But per our data, subsidy provisions favoring U.S. industry, resulting in part from intense lobbying by American companies, are likely to remain popular with American voters.

U.S. adults more generally approve of government intervention in critical technology markets on national security grounds, and tend to prefer inbound investment controls over other forms of economic statecraft like export controls

This makes less obvious solutions, such as delayed implementation of certain provisions or the introduction of parallel E.U. subsidies, the more likely outcome. In the spirit of cooperative isolationism, expect the United States to suggest that the European Union implement similar mineral sourcing rules aimed at decreasing reliance on China as a precondition for any harmonization of subsidies.

Beyond the EV space, U.S. adults more generally approve of government intervention in critical technology markets on national security grounds, and tend to prefer [inbound investment controls](#) over other forms of economic statecraft like [export controls](#). This preference for inbound controls cuts across party lines (data available upon request).

**Shares of U.S. adults who support each of the following measures:**



*Methodology note: Survey conducted Oct. 29-31, 2022, among a representative sample of 2,210 U.S. adults, with an unweighted margin of error of +/-2 percentage points. Figures may not add up to 100% due to rounding.*

At the same time, however, U.S. and E.U. adults favor cooperation on export controls in higher numbers relative to the shares who support cooperation on inbound investment screening (see Section 1). Neither side cites the issue among their top seven policy priorities for trans-Atlantic cooperation. This may reflect a reluctance to cooperate with foreign governments on inbound investments, which people may perceive as the exclusive purview of their respective governments. The finding is also in line with a relatively strong track record of global cooperation on trade policy in the postwar era via the General Agreement on Tariffs and Trade and the World Trade Organization, and relatively limited progress on global investment treaties.

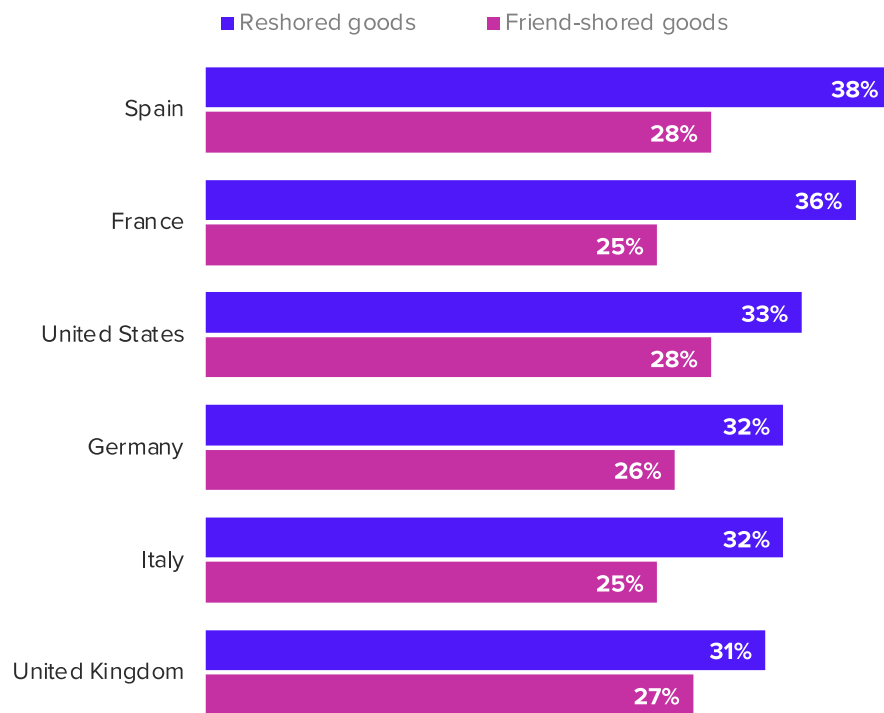


Across the United States and Europe, close to 1 in 4 adults say they would pay more for friend-shored goods, compared with roughly 1 in 3 for re-shored goods

### Friend-shoring

Friend-shoring — which entails sourcing key supply chain inputs from allies to enhance critical supply chain resilience — also falls under the cooperative isolationism umbrella. Friend-shored supply chains will be more resilient to geopolitical shocks. But they will also result in more expensive products if inputs, especially labor, are sourced from higher-cost competitors. Across the United States and Europe, close to 1 in 4 adults say they would pay more for friend-shored goods, compared with roughly 1 in 3 for re-shored goods.

#### Shares of adults in each country who say they would be willing to pay more for the following:

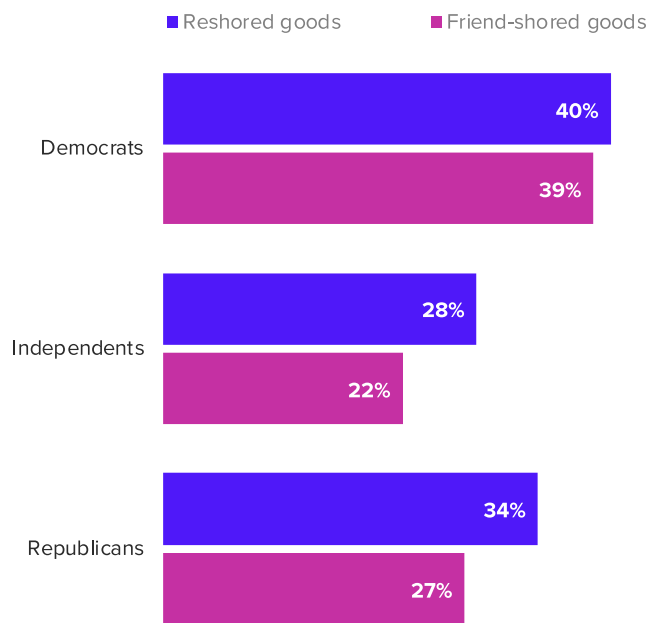


*Methodology note: Surveys conducted June 8-10, 2022, among a representative sample of roughly 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points, and May 31-June 7, 2022, among representative samples of 1,000 adults each in France, Germany, Italy, Spain and the United Kingdom, with unweighted margins of error of +/-3 percentage points.*

Within the United States, Democrats are close to parity in their willingness to pay more for reshored and friend-shored goods, while smaller shares of Republicans are willing to pay more for either. Moreover, Republicans are less willing to pay more for friend-shored goods than for reshored ones.

It is worth noting that Democrats are the outlier here. Republicans are more in line with shares of the general population — both in the United States and in Europe — when it comes to their willingness to pay more for these goods.

**Shares of U.S. adults who say they would be willing to pay more for each of the following types of goods, by party affiliation:**



*Methodology note: Survey conducted June 8-10, 2022, among a representative sample of roughly 2,200 U.S. adults, with an unweighted margin of error of +/-2 percentage points.*

Public support for friend-shoring as a tool of economic statecraft may be picking up steam

Public support for friend-shoring as a tool of economic statecraft may be picking up steam, as evidenced by an [uptick](#) in the premium that U.S. adults say they would pay for these goods over recent months. If the trend continues, it would allow companies to potentially recoup some of the costs that friend-shoring would entail, either due to general geopolitical risk or specific policies designed to encourage divestment from certain markets.

## CONCLUSION

Europeans and Americans hold similar but not identical preferences related to their engagement with each other and the world. In broad strokes, they favor working together to improve resilience and self-reliance, rather than interdependence. This will lead to [greater market integration](#) in some areas — but it will also cause frictions. These will be most acute for issues where there was already a mismatch in priorities, such as export controls.

This mindset, which we call cooperative isolationism, is found across the U.S. political spectrum. But it is more salient among Republicans, who tend to upweight cooperation in service of self-reliance relative to Democrats. This is particularly the case for ensuring supply chain resilience and jointly imposing export controls on untrusted third parties, among other issues (see Section 1). Given these preferences, a GOP-controlled House is poised to drive more government intervention in critical technology, but also more frequent disagreements with U.S. allies over how to protect supply chains in the coming years.

The newly GOP-controlled House will be well-placed to push the Biden administration to tighten critical tech controls on China and to pressure European allies to do the same. For example, if the United States successfully [convinces](#) the European Union to implement similarly stringent controls on semiconductor cooperation with China, U.S. companies will be less concerned about losing out to European competitors that would otherwise be unencumbered by such restrictions.

On the other side of the ledger, cooperative isolationism could ultimately facilitate U.S.-E.U. [reconciliation](#) on issues like critical mineral supply chains for EV batteries, an area where the United States and Europe are aligned in their concerns about dependence on China. Both sides also strongly favor cooperation on supply chain issues in general and on environmental protection in particular, making this an area of current strife that could become a source of productive cooperation.

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The ability to identify issue areas where disagreements could become joint opportunities will be essential for policymakers, businesses and market actors trying to navigate the new geopolitics.

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