

# Congressional Preferences and the Structure of Delegation: Reassessing the Effect of Divided Government on U.S. Trade Policy

Yevgeniy Kirpichevsky and Phillip Y. Lipsy \*

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## Abstract

How does the interaction of domestic preferences and political institutions determine the outcome of U.S. trade policy? We revise and extend conventional accounts by paying close attention to partisan constituency trends over time and the structure of delegation under the Reciprocal Trade Agreement Act (RTAA). On the level of constituency composition, we demonstrate that the “partisan switch” between Republicans and Democrats has been accompanied by a reversal in party sensitivity to exporter, and to a lesser extent, import-competing interests. In addition, due to the asymmetrical structure of delegation under the Reciprocal Trade Agreement Act (RTAA), we assert that the effect of divided government on U.S. trade policy is conditional on congressional preferences. The RTAA allows the president to lower, not raise, tariffs. This implies that a pro-trade party supported by exporters faces incentives to delegate regardless of the party identity of the president, while a protectionist party supported by import-competers will find delegation to the other-party president problematic. Our propositions find broad support in both congressional voting and U.S. tariff rate data.

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\*Harvard University and Stanford University. Authors listed alphabetically. We would like to thank Todd Allee, James Alt, Bear Braumoeller, Jeffrey Frieden, Michael Hiscox, Kosuke Imai, Gary King, Sarah Love, Lisa Martin, Kenneth Shepsle, Beth Simmons, Carol Wise, participants of the Midwest Political Science Association Annual Meeting (2004), International Studies Association Conference (2005), Harvard Political Economy Workshop, and the Harvard Rational Choice Workshop for their invaluable advice. We also thank Michael Hiscox, David Karol, and Richard Sherman for generously making their data available to us, and Sharyn O’Halloran for assistance with our replication.

# 1 Introduction

Since the establishment of the Reciprocal Trade Agreements Act (RTAA) in 1934, external tariff policy in the United States has been largely determined through congressional delegation to the executive branch.<sup>1</sup> Scholars have applied insights from the principal-agent literature to this relationship, positing that delegation will be forthcoming in proportion to the preference convergence of the congressional median and the president (Lohmann and O'Halloran, 1994; Milner and Rosendorff, 1997). The dichotomy between unified and divided government has received particular attention.<sup>2</sup> According to these accounts, delegation will be less likely under divided government, as members of Congress will not trust a president of the opposing party to conduct trade policy according to their interests. Since presidents are accountable to a broader constituency and, consequently, tend to be free-trade oriented, it follows that divided government has a tendency to raise tariffs. This paper presents an alternative to existing theories of the effect of divided government on trade delegation.

We will first argue that the sources of partisan trade policy preferences need to be assessed more carefully. Existing analyses of historical data show that the composition of export and import-competing constituents of Democrats and Republicans has increasingly converged (Hiscox, 1999, 2002b). It thus appears that constituency distribution is not a good predictor of partisan orientations on trade, which have

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<sup>1</sup>Congressional delegation to the executive existed earlier, starting as early as 1799 and more notably in the McKinley Tariff of 1890. However, delegation prior to the RTAA was generally limited in scope. We thank an anonymous reviewer for this point. We will discuss this issue in detail in Section 3.

<sup>2</sup>In this context, divided government occurs when one party is a majority in both the House and the Senate, and the president is of the other party. Unified government occurs when a party is a majority in both the House and the Senate, and the president is of the same party. For a discussion of the broader implications of divided government, among others, see Mayhew (1991); Cox and Kernell (1991); Fiorina (1992); Alesina and Rosenthal (1995); Epstein and O'Halloran (1996); Milner (1997); Krehbiel (1998); Trubowitz (1998); Shoch (2001); Burden and Kimball (2004).

dramatically shifted during the same time frame. We demonstrate that this observation is incorrect. Although Republicans and Democrats are elected from states with similar compositions of trade interests, the data indicate that they respond very differently to the presence of such interests. In particular, legislators in each party have responded asymmetrically to export and import-competing constituents in their states, and such responsiveness reversed around the 1960s. For example, in the post-1960s, Republicans have become significantly more sensitive to export constituents compared to Democrats. Therefore, despite a convergence in the distribution of constituents between parties, each party remains strongly attached to one or the other industry group.

Second, using these findings, we provide a revised theory of the effect of divided government on U.S. trade policy. We will argue that the effect of divided government is contingent on trade preferences of legislators in Congress. The RTAA delegates authority to lower but not to raise tariffs. This feature acts as an *ex ante* constraint on the executive favoring pro-trade members of Congress. Consequently, a pro-trade party supported by export interests will tend to find delegation attractive regardless of the president's partisan affiliation. In contrast, members of a protectionist party supported by import-competing interests will face a significant principal-agent problem when delegating to a liberal party president. Thus, we predict that divided government will impact delegation only if a protectionist party controls Congress.

Our theory addresses some existing problems associated with the divided government literature. Much empirical evidence has problematized the claims of a direct relationship between divided government and trade outcomes. Most notably, major trade legislation has been enacted under conditions of both unified and divided government (Mayhew, 1991; Hiscox, 1999). Karol (2000) asserts that divided government is “much ado about nothing” – data on congressional voting contradicts

the notion that legislators consistently vote against delegation to an other-party president.<sup>3</sup> We will demonstrate that although the direct link between divided government and protectionism is tenuous, a conditional link appears to be supported in both the voting and tariff data. Focusing on tariff data, another examination suggests that since World War II, congressional Democrats and Republican presidents have been protectionist, while congressional Republicans and Democratic presidents have been liberal, producing the greatest level of preference convergence and therefore delegation under divided government (Sherman, 2002). However, as we will show in Section 4, the congressional voting record is inconsistent with this theory.

To support our propositions, we evaluate evidence from two data sets. First, we analyze congressional voting on trade legislation in the post-RTAA period and find that only members of the protectionist party have a systematic tendency to vote against delegation in the presence of an opposing party president. In the post-RTAA period, a free-trade party senator was equally likely to vote for delegation to the president of the same or other party. A protectionist party senator was much more likely to vote against delegation to the president of the other party (the presence of an opposing party president increased the probability of voting against delegation by 32 percentage points, or 23–41 percentage points with 95% confidence).

Second, we replicate the results of Lohmann and O’Halloran (1994) and update the data set to include values from recent years. Adding this recent data to the analysis reduces the effect of their key causal variable roughly by an order of five and makes it statistically indistinguishable from zero. Our theoretical propositions are supported by both the original and extended data sets.

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<sup>3</sup>Keech and Pak (1995) make a similar claim, although they largely agree with Lohmann and O’Halloran’s conclusions with the minor refinement that unified government under a protectionist party president will be especially liberal.

## 2 Constituency Composition and Congressional Trade Preferences

The political economy literature focusing on U.S. trade policy has illuminated the impact of exporting and import-competing interests on legislative behavior. However, some crucial puzzles remain. Much attention has focused on exporter interests as a primary source of the Republican “conversion” to free trade after the RTAA (Bailey, Goldstein and Weingast, 1997; Irwin and Kroszner, 1999). A broader study finds that prior to the 1930s, Democrats came from states with a much larger share of exporters compared to Republicans, whereas import-competing interests tended to be slightly over-represented among Republican constituents. Such differences narrowed, however, and “by the 1930s, the distinction between the industry composition of the party constituencies had all but disappeared (Hiscox, 2002b, 139).” However, this convergence is peculiar in light of the reversal in trade orientation between the two parties. Rather than voting similarly on trade, Republicans have increasingly become the party of free trade as the Democrats became protectionist (Karol, 2000). The convergence in export and import-competing constituency composition is even more puzzling in light of the fact that factor mobility has been declining, which suggests that industry (export-import) rather than class (capital-labor-land) divisions should be driving trade cleavages in the contemporary era (Hiscox, 2002a). We will control for class cleavages (e.g. Rogowski (1989, 1990)) in all subsequent analyses by including variables that proxy for capital, labor, and agricultural interests in the regression models.

## 2.1 Theory: Constituency Convergence

We argue that while the geographical distribution of export and import-competing constituents has become more uniform over time, legislators of each party have selectively targeted (or been targeted by) their constituents. Therefore, constituency convergence has been far more limited than implied by the existing literature. For example, a state that has large export and import-competing industries does not necessarily produce Democrats and Republicans that cater to both interests in equal measure. A Democrat might be more responsive to one group and a Republican to the other. In order to test this hypothesis, we utilize data from Hiscox (1999, 2002a,b) to evaluate the effect of the size of a senator's export and import constituency on the probability of casting a vote against free trade. This is the same data Hiscox uses to observe that constituency composition has converged over time.

- $H0_{ConstituencyConvergence}$ : The null hypothesis predicts that legislators will respond similarly to the presence of export and import-competing constituents regardless of their partisan affiliation.
- $H1_{ConstituencyConvergence}$ : Our alternative hypothesis predicts that legislators will respond asymmetrically to the presence of export and import-competing interests according to their party identification.

In light of the stylized facts regarding the movement of Democrats towards protectionism and Republicans towards free trade in recent years, we predict Democrats are more responsive to import-competing interests and Republicans to export interests. Tests of these hypotheses follow in the next subsection.

## 2.2 Empirical Test: Constituency Convergence

Our data covers congressional voting on a total of twenty-seven trade bills between 1824 to 2002 and contains state-level surrogates for various factor and industry groups, which are predicted to have a strong effect on the trade policy orientation of legislators (Hiscox, 2002a; Irwin and Kroszner, 1999; Bailey, Goldstein and Weingast, 1997). The state-level factor variables are proxies for the strength of export, import, farm, labor, and capital interests within a legislator’s constituency. They are generally measured as the income or size of each group as a proportion of aggregate state income or state population. The binary dependent variable is a legislator’s vote for protection on a trade bill (1 for voting for protection or against liberalization, 0 for voting against protection or for liberalization).<sup>4</sup> The data set also includes dummies for the party affiliation of members of Congress. We recode these as a single party variable which takes on the value of 1 for Democrats and -1 for Republicans. For this analysis, we divide the data into two periods based on the conventional wisdom that partisan trade orientations reversed around the 1960s. “Pre-1960s” runs from 1875 to 1955. This is the segment of trade bills in the data set that occur after the Civil War when the current two party system stabilized but prior to the 1960s. “Post-1960s” contains trade bills from 1974 to 2002.<sup>5</sup> We utilize the following specification:

$$Pr(Voted_i = 1 | \mu) = \Phi(\beta_0 + \beta_1 Export_i + \beta_2 Import_i + \beta_3 Farm_i + \beta_4 Employment_i +$$

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<sup>4</sup>Details about data sources and coding are included in Hiscox (2002b), 146–148. For the export and import groups, total production in the ten leading export and import-competing industries is calculated as a proportion of state income. The farming constituency is measured similarly as the value of agricultural production as a fraction of state income. Labor is measured as the total level of employment as a proportion of state population. Finally, the size of the capital constituency is operationalized as the profits earned by capital in manufacturing as a fraction of state income.

<sup>5</sup>We omit one bill in 1962 from this analysis, as there is some ambiguity as to when the partisan switch took place. Classifying this bill in either era does not substantively alter our results.

Table 1: The Impact of Export and Import Constituencies on Senate Voting by Party Before and After the Partisan “Switch”: The Predicted Probabilities of a Protectionist Vote by Senators under Varying Levels of Constituency Size.

Predicted Prob. of Protectionist Vote (%)		Export Constituency Size			Import-Competing Size		
		Small <sup>a</sup>	Large	Difference	Small	Large	Difference
Democrats	Pre-1960’s	11.4	2.1	-9.2*	3.7	4.3	0.6
	Post-1960’s	48.5	45.1	-3.4	35.1	50.6	15.4*
		(-13.8, -4.9) <sup>b</sup>			(7.0, 23.6)		
		(-10.0, 3.2)					
Republicans	Pre-1960’s	82.9	81.9	-0.9	78.7	82.9	4.3*
	Post-1960’s	28.2	8.8	-19.3*	9.0	18.0	9.0*
		(-4.8, 3.1)			(1.2, 7.3)		
		(-28.4, -9.7)			(4.1, 14.3)		

<sup>a</sup>“Small” refers to a hypothetical level of export (import-competing) constituents one quantile below the mean, and “Large” refers to the same one quantile above the mean.

<sup>b</sup>Values in parentheses represent 95% confidence levels. Star denotes a difference at least two standard errors removed from zero.

$$\beta_5 Profits_i + \beta_6 Export_i \times Party_i + \beta_7 Import_i \times Party_i). \quad (1)$$

After obtaining the results from this probit specification for the periods of interest, we draw the relevant hypotheticals for party and export or import interactions by holding other variables to their mean values.<sup>6</sup> The farm, employment, and profit variables represent controls for class cleavages.

Our results are presented in Table 1. The numbers in the table represent the hypothetical probability of a protectionist vote for senators in each era given a particular level of constituency size within his or her state. In this analysis, “small” refers to a hypothetical level of export (import-competing) constituency size one quantile below the mean, and “large” refers to the same one quantile above the mean. As an illustration, holding other things equal, our model predicts that in the

<sup>6</sup>For more detail on this procedure, see King, Tomz and Wittenberg (2000)

pre-1960s, a Democratic senator with a small export constituency would be expected to vote for trade protection about 11.4% of the time. A similar Democratic senator with a large export constituency would cast a protectionist vote only about 2.1% of the time. The “Difference” column subtracts the value in the “Large” column from the value in the “Small” column and represents the expected percentage point change in the probability for a protectionist vote given a two quantile increase in the export (or import-competing) constituency.

Several findings emerge from this analysis. First, we find that the so-called “partisan switch” between Republicans and Democrats has been accompanied by a reversal in sensitivity to export interests. The voting behavior of Republicans in the pre-1960s and Democrats in the post-1960s does not change in response to varying levels of exporters within their state. In contrast, a two quantile increase in exporters decreases the probability of a protectionist vote for pre-60s Democrats by almost 10 percentage points, and post-60s Republicans by almost 20 percentage points. Our findings for Republicans are consistent with previous studies that analyzed the Republican conversion to free trade in reference to their increasing sensitivity to exporters after the RTAA (Bailey, Goldstein and Weingast, 1997; Irwin and Kroszner, 1999).<sup>7</sup> However, during the same time period, we find that Democrats have become increasingly *insensitive* to the size of their export constituents. This suggests that if the RTAA had a liberalizing effect, it was restricted to Republicans or inversely directed towards Democrats.<sup>8</sup>

Second, sensitivity to import-competers follows a comparable trend with some

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<sup>7</sup> Irwin and Kroszner analyzed a slightly earlier period in the 1940s and 1950s in regards to the Republican conversion – including those earlier years in the post-conversion period for Republicans does not alter the substantive results.

<sup>8</sup> We also evaluated bills from 1875-1930 and 1934-1955 separately to see if Democratic sensitivity temporarily increased as a response to enactment of the RTAA. We found no evidence that Democrats became more sensitive to their export constituents after the RTAA came into place.

important differences. Democrats have become more sensitive to their import-competing constituents over time. In the pre-60s, Democrats did not alter their voting in response to the size of import-competers, but in the post-60s, a two quantile increase in import-competers is associated with a 15 percentage point jump in the probability of casting a protectionist vote. Substantively speaking, Republicans also appear to have become more sensitive to their import-competing constituents over time.

The Republican sensitivity to import-competers in the post-1960s is somewhat puzzling. To investigate further, figures 1, 2, and 3 provide a more detailed look at sensitivity to constituency groups in this era. Figure 1 plots the predicted mean probability of a protectionist vote simulated from our model at various levels of export and import-competing constituency size for Republicans. The plotted surface provides information similar to the numbers in Table 1, but gives us a greater sense of how the propensity to cast a protectionist vote varies along a continuum. Figure 2 does the same for Democrats.<sup>9</sup> The most striking feature of these plots is the divergence of voting propensities between Democrats and Republicans towards the region characterized by high export and high import-competing constituents. A diagonal outward movement from the origin, indicating a simultaneous increase in both types of constituents, has a markedly different effect depending on the legislator's party affiliation. The propensity for Republicans to vote protectionist declines, while a similar movement is associated with a dramatic increase in the likelihood that a Democrat will cast a protectionist vote. This reinforces our conjecture that there continues to be a considerable differentiation of constituency support for each

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<sup>9</sup>We chose to vary the value for import-competing constituents to the maximum value but constrained the value for export constituents to the range between zero and 0.2. This was done to make our hypotheticals realistic. Plotting export constituency to the maximum value would leave the region farthest from the origin (high export and high import-competing) largely devoid of empirical data points. Extending the plots into the additional area merely reinforces our findings.

### Post-Conversion Republicans

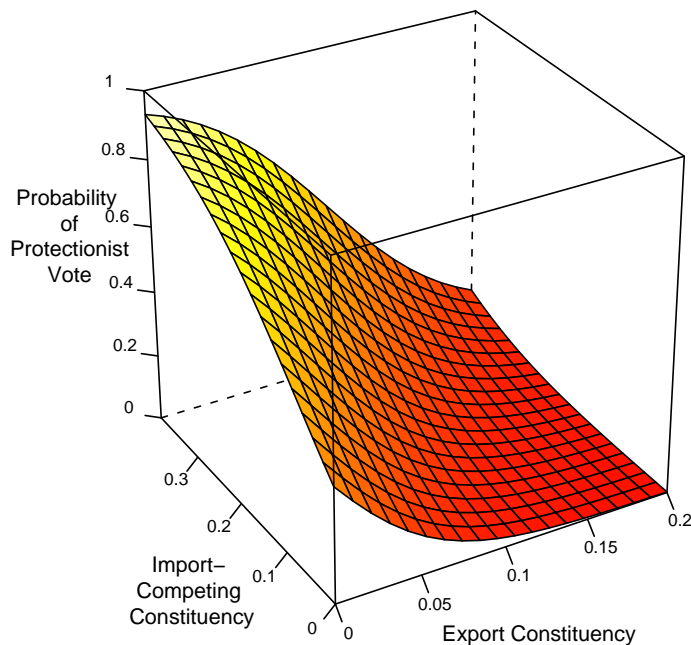


Figure 1: Post-1960s Republicans: This plot contains the simulated probabilities that a Republican senator casts a protectionist vote under various levels of export and import-competing constituency size. We find that Republicans vote much less protectionist in the presence of exporters, even in the presence of import-competing interests. However, if the size of exporters is very low, Republicans appear quite responsive to their import-competing constituents.

party despite convergence at the level of geographic distribution. When legislators come from states containing both types of constituents, Republicans appear to derive support from exporters, and Democrats from import-competers.

Figure 3 takes “slices” out of the three dimensional figures holding one of the dimensions constant with the addition of confidence intervals. Here, we hold export (import-competing) constituency size to zero or the maximum value plotted

## Post-Conversion Democrats

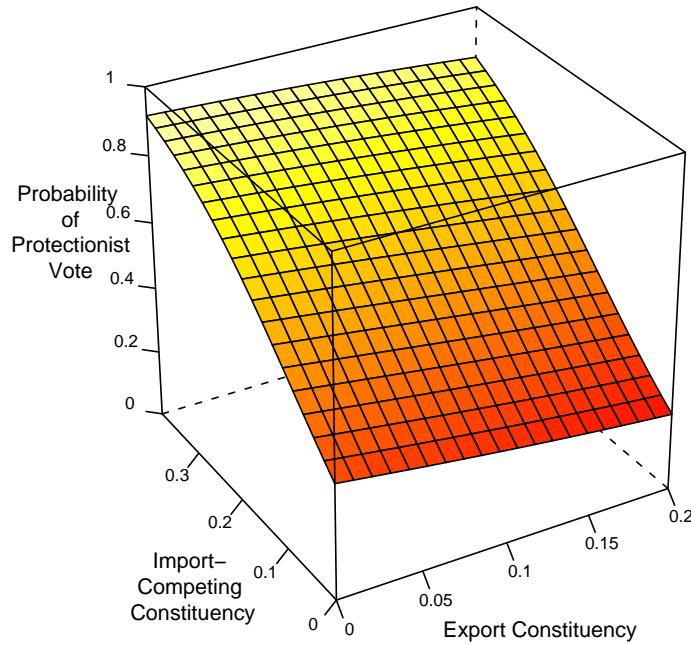


Figure 2: Post-1960s Democrats: This plot contains the simulated probabilities that a Democratic senator casts a protectionist vote under various levels of export and import-competing constituency size. In contrast to Republicans, Democrats appear to be consistently responsive to import-competing interests and unresponsive to exporters. As the size of import-competing constituents rise, the probability of a protectionist vote increases dramatically regardless of export constituency size.

in figures 1 and 2 while varying import-competing (export) constituency size over a continuum. Republicans are represented by the darker lines, and the dotted bands around each line are 95% confidence intervals. These graphs provide several more intriguing insights into the behavior of legislators by party in the post-1960s era. First, when the size of export constituents is minimal (upper-left graph) Democrats and Republicans vote virtually identically. The confidence intervals overlap heav-

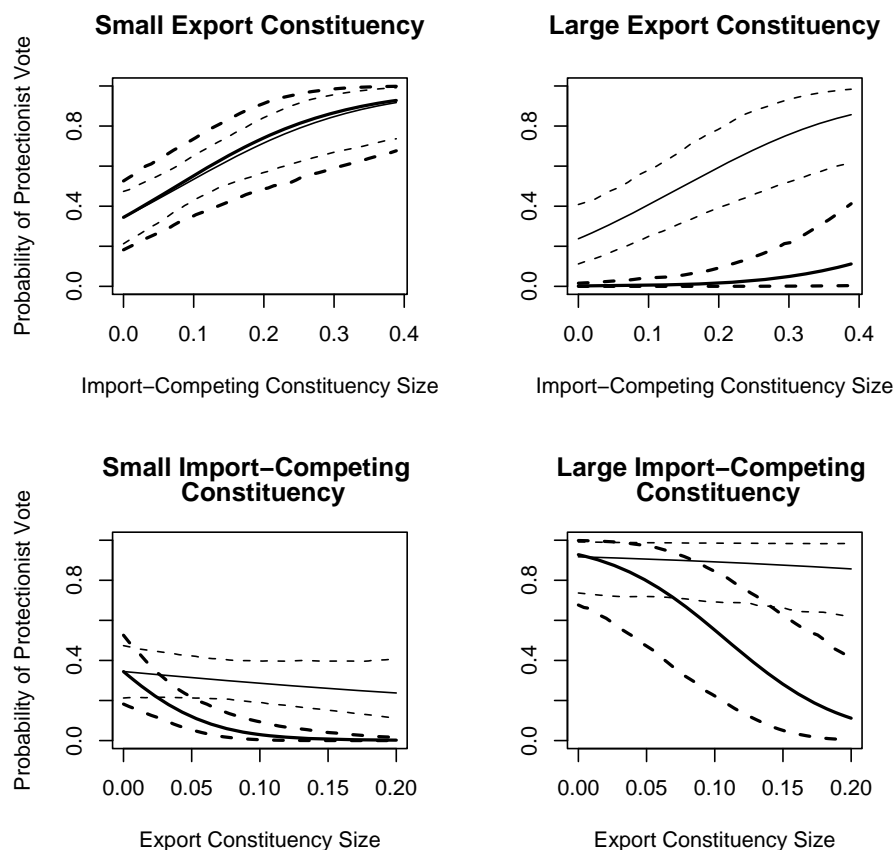


Figure 3: Post-1960s Democrats and Republicans. Probability of a protectionist vote as a function of export and import-competing constituencies. In each graph, the level of export (import-competing) constituency is held to either zero or its maximum. Republicans are represented by the darker lines, and the dotted bands around each line are 95% confidence intervals.

ily. As the size of import-competers increases, legislators from both parties become increasingly likely to cast a protectionist vote. Second, as export constituency size increases (lower graphs), the behavior of the two parties diverges considerably. While Democrats scarcely alter their voting behavior, Republicans become much more likely to vote against protection. Third, in the presence of a very large export constituency (upper-right), Republicans are affected very little by the presence of import-competers. In contrast, Democratic voting under a very large export con-

stituency is virtually identical to that under a very small export constituency (upper graphs), reflecting their lack of sensitivity to exporters.

These observations shed some light on the findings presented in Table 1. Our results seem to indicate that Republican legislators are sensitive to import-competing interests only when the size of exporters is so small as to afford no choice. As the size of export constituents increases, import-competers gradually cease to matter. The presence of export constituents effectively desensitizes Republicans to import-competers within their jurisdiction.

Our results in this section demonstrate that, despite the convergence in absolute levels of export and import-competing constituencies between parties (Hiscox, 1999), these groups continue to asymmetrically impact the behavior of congressional legislators. In each respective era, the free-trade oriented party has been significantly more sensitive to export interests compared to the protectionist party. Sensitivity to import-competers follows a similar pattern, with the caveat that liberal party members in the current era appear to turn to them when exporters are not available.

### **3 The Structure of Delegation and Divided Government**

The previous section demonstrated that partisan trade preferences continue to be influenced by constituency pressures despite the apparent post-1930s convergence in constituency composition – the liberal party tends to receive support from exporters, while the protectionist party tends to receive support from import-competing interests. This observation has significant implications for the effect of divided government on U.S. trade policy. Delegation of trade authority under the RTAA is

asymmetric – Congress delegates authority to lower tariffs, but not to raise them. It follows that a party primarily supported by import-competing interests will face a significant principal-agent problem when delegating authority to the executive, while a party supported by exporters should find delegation relatively unproblematic.

Congressional delegation of trade authority to the executive existed as early as 1799 (O’Halloran, 1994, 77), but was generally limited in scope.<sup>10</sup> For example, the McKinley Tariff of 1890 was enacted by protectionist Republicans and delegated authority for the president to enact retaliatory tariffs against a limited set of goods when the president deemed the trade “reciprocally unequal or unreasonable (O’Halloran, 1994, 78).” The Dingley Tariff Act of 1897 contained similar provisions as well as authority for the president to pursue limited reductions in duties. The RTAA in 1934 represented a decisive shift, allowing the president to reduce tariffs reciprocally by executive proclamation alone, subject to periodic extension of authority (O’Halloran, 1994, 86). It is important to note that the RTAA grew out of an attempt to institutionalize free trade. Among other things, the RTAA permitted US presidents to negotiate bilateral tariff reductions with foreign countries and lowered the threshold of congressional approval to a simple majority from the former two-thirds (Bailey, Goldstein and Weingast, 1997). The RTAA *does not*, however, enhance the executive’s ability to pursue protectionism. Protectionist authority is embedded in other statutes such as the anti-dumping law, countervailing duty law, Section 201, and Section 301, which are renewed under procedures separate from

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<sup>10</sup>The commonly cited reason for why Congress cannot achieve Pareto optimality on its own without delegation is the “universal logroll” argument. According to this, individual legislators in Congress cannot overcome their particularistic interests due to a type of collective action problem. We believe a more crucial reason is the foreign policy authority vested in the executive, which enables the negotiation of reciprocal tariff reductions with foreign governments. Unilateral congressional action to negotiate reciprocal tariff reductions, while theoretically possible, is plagued by severe commitment problems and political uncertainty (Bailey, Goldstein and Weingast, 1997, p.322-324).

RTAA extension votes.<sup>11</sup>

For our analysis, we will posit the existence of a protectionist party and a free-trade party. We recognize that this assumption is a simplification. During part of the post-WWII period, there is some ambiguity as to which party should be considered protectionist – we will account for this ambiguity in our statistical analyses. Partisan cohesion is also a potential problem – evidence indicates that legislators increasingly vote out of step with their own party (Hiscox, 1999). Nonetheless, recent studies have found a strong relationship between partisanship and trade orientation into the present era, even after controlling for constituency-level variables (Baldwin and Magee, 2000; Shoch, 2001). Our empirical results also control for constituency composition and indicate that parties remain useful units of analysis despite declines in cohesion.

We assume that politicians have utility functions incorporating both contributions from interests groups and the welfare of consumers within their constituencies (Grossman and Helpman, 1994). On average, free-trade party members will derive more support from exporters or organized import consumers, whereas protectionist party members will generate support from import-competing interests. Politicians from both parties, however, will have a concern for the general welfare of voters in their districts, who benefit from open trade through reduction in prices and greater variety of available products.

Under these assumptions, we predict that members of the liberal party will find it relatively unproblematic to delegate authority to the president. By definition,

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<sup>11</sup>In some instances, a protectionist statute was created in conjunction with an RTAA extension bill, as in 1974. However, these statutes are subject to different standards for reenactment and can be treated as fundamentally separate from delegation under the RTAA. For example, Section 301 was reenacted by presidential executive order in 1994 and again in 1999 without a congressional vote, the latter during a period when fast-track authority had lapsed due to insufficient congressional backing.

reciprocity under the RTAA implies that the president cannot lower domestic tariffs while foreign tariffs rise. In addition, the RTAA does not delegate authority to *raise* domestic tariffs. Therefore, delegation under the RTAA implies either maintenance of the status quo or a downward movement in both domestic and foreign tariffs. Hence, exporters have little to lose from delegation, and very likely something to gain. Legislators who receive support primarily from exporters will similarly find delegation attractive regardless of the party identification of the president – delegation is Pareto superior to autarky, both in terms of welfare to consumers and the interests of the exporter groups financing the legislators’ political campaigns. The structure of delegation under the RTAA effectively serves as an *ex ante* constraint on the president by favoring a particular set of principals – free-trade legislators. Hence, we hypothesize that free-trade senators will find it relatively unproblematic to delegate to a president of either party.<sup>12</sup>

In contrast, we predict protectionist members of Congress will find it more difficult to delegate authority to an other-party president. Delegating trade authority is Pareto superior to autarky insofar as the legislators are concerned with the welfare of voters, who benefit from trade as consumers. However, since they derive support from import-competing interests, protectionist legislators are acutely sensitive to the potential effects of a lower tariff on their supporters. Hence, a principal-agent problem, similar to that described by Lohmann and O’Halloran (1994), looms large for protectionists. Delegation will be acceptable only to a president with similar *ex ante* preferences or under significant *ex post* constraints. *Ceteris paribus*, presidents and legislators of the same party are more likely to be characterized by *ex*

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<sup>12</sup>Would a protectionist president request trade authority? Even a president primarily receiving financing from import-competing interests should prefer lowering tariffs on some domestic goods – e.g. those produced by firms lacking concentrated political organization or those that fall outside his party’s base of support. Lowering tariffs on such goods will not harm the president’s organized supporters but will improve the general welfare of voters through lower prices.

*ante* interest convergence due to a similar mix of constituents. In addition, partisan affiliation provides its own informal *ex post* sanctioning mechanisms and a longer shadow of the future associated with the likelihood of ongoing legislative cooperation. Legislators' interests can be taken into account by the same-party president via mechanisms such as offering concessions abroad that do not directly harm the legislators' most important constituents or by offering side payments to the legislators' supporters. Therefore, for protectionist legislators, delegation to a same-party president is less problematic than delegation to an opposing-party president. If delegation to an opposing-party president occurs at all, it is likely to be accompanied by heavy formal restrictions such as an *ex post* veto or peril point provisions.

Our theoretical propositions lead to the following hypotheses:

- $H0_{Voting}$ : The null hypothesis predicts that legislators will tend to cast anti-delegation votes when facing an opposing-party president, regardless of their orientation on trade.
- $H1_{Voting}$ : Our alternative hypothesis predicts that only protectionist party legislators will tend to cast more anti-delegation votes – against delegation or for provisions restricting executive autonomy under delegation – when facing an opposing-party president, compared to when they face a same-party president. Liberal party legislators should tend to vote for delegation regardless of the partisan affiliation of the president.

The predictions regarding tariffs are complicated by the fact that the president can independently raise tariffs using executive authority unrelated to delegation. However, we can test the following:

- $H0_{Tariffs}$ : Divided government tends to produce higher tariffs compared to unified government.

- $H1_{Tariffs}$ : Tariffs should be lower under a liberal Congress and liberal president (Unified) than under a protectionist Congress and liberal president (Divided). However, a change from protectionist Congress-protectionist president (Unified) to liberal Congress-protectionist president (Divided) should have no systematic impact on tariffs.

The first condition in  $H1_{Tariffs}$  is consistent with the null hypothesis – while the president is likely to prefer lower tariffs in both cases, delegation will be less forthcoming under a protectionist Congress. However, our predictions diverge with the conventional literature for the second condition: the effect of a change from protectionist Congress-protectionist president to liberal Congress-protectionist president should have no systematic impact on tariffs. Delegation is forthcoming in both cases to a protectionist president, who may choose to cumulatively lower or raise tariffs. Table 2 summarizes our theoretical predictions.

## 4 Empirical Examination

In this section, we will present two empirical tests of our theory. As outlined in Section 3, we hypothesize that the party affiliation of the president will be relevant only to protectionist members of Congress. The null hypothesis, consistent with Lohmann and O'Halloran (1994) and Milner and Rosendorff (1997), makes no distinction between the trade policy orientation of legislators and predicts that divided government will unconditionally result in less delegation and, by implication, more protectionist policy outcomes.

Table 2: Predictions of Our Theory: The Effect of Government Composition on Congressional Delegation of Trade Authority to the President and on Tariff Levels

President's Party <sup>a</sup>	Party in Control of Congress	
	Liberal (pro-trade)	Protectionist (anti-trade)
Liberal (pro-trade)	Delegation (Unified) <sup>b</sup> Tariffs Lower $\longleftrightarrow$ Tariffs Higher	No Delegation (Divided)
Protectionist (anti-trade)	Delegation (Divided)	Delegation (Unified) No Systematic Effect on Tariffs <sup>c</sup>

<sup>a</sup>Prior to conversion the Democrats are the liberal party, and the Republicans are the protectionist party. For the post-conversion period, this is reversed.

<sup>b</sup>The first line in each cell indicates whether or not Congress delegates trade-negotiating authority to the president. The second line indicates how, *ceteris paribus*, tariffs are expected to change when the party in control of Congress switches.

<sup>c</sup>We have no systematic predictions for aggregate tariff outcomes under a protectionist party president due to the ability of the president to raise tariffs using executive authority independent of delegation. The president may lower tariffs on some goods using delegated authority but raise them on others. However, we predict that delegation to a protectionist party president will occur whether Congress is controlled by a protectionist or liberal party. Since both configurations result in delegation to a protectionist party president, there should be no systematic difference in tariff outcomes for these two states of the world.

## 4.1 The Partisan Switch

In order to test our central hypotheses, it is necessary to code free-trade and protectionist parties. During much of United States history, the Democratic party was pro-free trade, drawing support from export-oriented agricultural constituents. Republicans, on the other hand, had been anti-free trade since the inception of their party in the late-19th century. This gradually changed beginning around the 1940s for Republicans and the 1950s for Democrats (Bailey, Goldstein and Weingast, 1997; Karol, 2000). By the late 1960s, it became increasingly clear that partisan preferences on the trade issue had reversed. Democrats voted against liberal trade bills with increasing frequency, while Republicans became oriented towards free trade

(Keech and Pak, 1995; Sherman, 2002). As we demonstrated in Section 3, this switch was accompanied by an underlying shift in constituency sensitivity between the two parties, particularly vis-à-vis exporters.

Nonetheless, pinpointing an exact moment for the partisan reversal, while helpful for empirical purposes, is impractical. In particular, inferring the trade orientation of Democrats in the 1960s is confounded by the fact that much of the era was characterized by unified Democratic control of government – it is difficult to determine whether unified government or liberal preferences accounts for the relatively liberal voting record during this period. By 1968, there were significant indications of Democratic protectionism. Under pressure from import-competing industries, particularly in steel and textiles, Democratic legislators increasingly adopted positions critical towards free trade. President Lyndon B. Johnson sought to obtain ratification of Kennedy round tariff reductions but encountered fierce resistance from Senate Finance Committee Chairman Russell Long and other prominent Democratic congressmen. In addition, despite sizable Democratic majorities in both chambers of Congress, Johnson was unable to secure extension of RTAA authority.<sup>13</sup> Subsequently, authority lapsed until 1974 (Mayhew, 1991, 137).

In our empirical analysis, we will conduct multiple sensitivity tests in recognition of the inherent underlying ambiguity about the reversal year. Our voting results are highly robust as we do not need to make firm assumptions about the specific year of the switch – the switch can fall anywhere in between 1956 and 1973.<sup>14</sup> In other words, our results hold regardless of whether one assumes the partisan switch occurred in 1958, 1965, or 1973, or as a gradual process between the years 1956 and

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<sup>13</sup>“Congress, in a protective mood, prepares for round of its own on tariff reductions” *New York Times*, 1-8-1968; “Freer world-trade bill faces hard fight in Congress,” *Christian Science Monitor*, 6-27-1968.

<sup>14</sup>This range simply represents the years between two bills in the data set, RTAA Extension (1955) and the Trade Reform Act (1974) See Section 4.2 for details.

1973. The tariff regressions are somewhat more sensitive to changes in the switch year, as the time series model is estimated in first differences. Nonetheless, our theoretical propositions are supported in sensitivity tests that allow for any switch year between 1956 and 1973, the same range as the voting data.

The recent era has also seen a decline in partisan cohesion (Hiscox, 1999). This implies that individual legislators tend to increasingly behave out of sync with a party's general orientation. If this factor is overwhelming, it should be reflected empirically in our voting analysis in the form of greater standard errors for the political party variable. The results suggest that political parties remain a useful unit of analysis in the post-RTAA era despite declines in partisan cohesion.<sup>15</sup>

## 4.2 Congressional Voting on Trade Legislation

In this section, we will focus on congressional voting in order to evaluate our theory at the micro-level. The propositions related to divided government imply, as a first-order effect, that congressional voting on trade legislation will be impacted by the president's identity in the post-RTAA period. The voting data is characterized by a large  $n$  compared to the tariff data. It also allows for the observation of minority party voting. This is particularly salient in terms of analyzing partisan behavior, since the Republicans were in the minority for much of the post-RTAA period.<sup>16</sup>

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<sup>15</sup>See the conclusion for a discussion of legislator-level analysis using the same data.

<sup>16</sup>One general problem in analyzing voting data is the possibility that strategic voting will make preference revelation problematic. We believe this does not represent a major bias for the purposes of this analysis. Strategic voting is a problem for our results only if it causes protectionist-party voting to diverge systematically as a function of the partisan affiliation of the sitting president for reasons outside our theory. One obvious problem is that presidents can buy off swing legislators in order to secure approval for legislation, making the voting record an imperfect indicator for legislative preferences. However, the legislators being bought off are likely to be the cheapest to switch, i.e. those who have the least intense preferences regarding the legislation at stake. If a protectionist legislator can be bought off by a protectionist president but not by a liberal president, it indicates that the protectionist legislator is more willing to delegate to the former rather than the latter, which is consistent with our theory. Thus, our theory is supported regardless of whether

### 4.2.1 Data

For this analysis, we return to the congressional voting data from Hiscox (1999, 2002a,b). The data covers a total of twenty-seven trade bills between 1824 to 1994, of which twelve fall in the post-RTAA era (1934–present). We selected bills in the post-RTAA era that include provisions for delegating trade authority to the president.<sup>17</sup> The binary dependent variable is a legislator’s vote against delegation (1 for voting against a delegation bill or for a bill restricting delegation, 0 for voting against a bill restricting delegation or for a delegation bill). Description of the control variables is provided in Section 2. For this analysis, we coded an indicator variable which takes on the value of 1 when the president is a Democrat, and -1 for a Republican. Summary statistics for this data set are presented in Table 5 in the Appendix.

### 4.2.2 Model Specification

In order to assess the implications of the president’s party identity on congressional voting on trade legislation, we extend Hiscox’s (2002a) constituency-based probit model to include the interaction of congressional and presidential parties. The model

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legislators voted for the president because of their true preferences or because they were the cheapest to bribe. Another potential problem is that once the outcome of a vote becomes obvious, legislators may use the vote as a costless signal to their constituents rather than reveal their true preferences. For example, legislators might sidestep the question of delegation to the president and simply play to the protectionist (liberal) leanings of their constituents. The presence of signalling in this data would actually reinforce our findings, as signalling tends to diminish rather than enhance the likelihood that we will uncover effects based on factors related to delegation.

<sup>17</sup>The original data set included the 1993 vote approving NAFTA, which was dropped. The original also included the 1994 vote implementing the GATT Uruguay Round instead of the 1993 vote authorizing delegation, so we substituted the latter for the former (voting on both bills was very similar; we ran the analysis using one or the other and found that the choice makes no substantive difference). Hence, the list of post-RTAA bills used for this analysis are: RTAA (1934), RTAA Extension (1937), RTAA Extension (1945), RTAA Extension (1955), Trade Expansion Act (1962), Trade Reform Act (1974), McIntyre Amendment (1974), Fast-Track (1991), and GATT Uruguay Round Authorization (1993). A detailed description of individual bills and their coding is provided in Appendix C of Hiscox (2002b).

is specified as follows:

$$Pr(Voted_i = 1 | \mu) = \Phi(\beta_0 + \beta_1 President_i + \beta_2 Party_i + \beta_3 Party_i \times President_i + \beta_4 Export_i + \beta_5 Import_i + \beta_6 Farm_i + \beta_7 Employment_i + \beta_8 Profits_i). \quad (2)$$

The interaction term takes on a value of 1 when a legislator votes in the presence of a president from the same party and -1 for the opposing party. The divided government literature predicts that in the post-RTAA period, legislators should have a tendency to vote against delegation when the president is of the other party ( $H0_{Voting}$ ). In contrast, our theory posits that only protectionist legislators will behave this way ( $H1_{Voting}$ ). In order to evaluate these claims, we run the model as specified above for various periods of substantive interest for votes taking place in the Senate.<sup>18</sup>

### 4.2.3 Substantive Findings

For each period of interest, we ran 5000 simulations to obtain counterfactual expected values of interest from our probit results, holding the control variables to their mean values. A sample probit table from our analysis is provided in Table 7. As probit coefficients are difficult to interpret, particularly as they relate to our claims, we report substantive results in Figure 4 and Figure 5.

We first examine the entire post-RTAA era, 1934–1994. Figure 4 presents the results. In each graph, the solid curves represent the estimated probability of an anti-delegation vote under a president of the same party, while the dotted curves represent the same probability under an opposing party president. These curves are density estimates (smoothed versions of histograms) of the counterfactuals generated

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<sup>18</sup>Because the factor and industry control variables are state-level and not district-level, our analysis is much better suited for Senate voting. Similar analyses conducted on House voting produced substantively similar results.

from our simulations. The width of the curves represent uncertainty estimates for the substantive results based on the results from the probit specifications. For example, the top graph of Figure 4 depicts the estimated probability of an anti-delegation vote by Democratic legislators under different presidents in the 1934–1994 period. The solid line represents this probability when the president is also a Democrat, whereas the dotted line represents the probability when the president is a Republican. As the curves do not overlap, we can conclude that Democrats had a greater (and statistically significant) tendency to vote against delegation to a Republican president compared to a Democratic president.

As a first cut, the results from Figure 4 appear to confirm  $H0_{Voting}$ : both Democrats and Republicans have tended to vote against delegation in the presence of an opposing-party president since the passage of the RTAA in 1934. The magnitude of this effect is both substantively and statistically significant – for each party, the presence of an opposing-party president appears to raise the probability of an anti-delegation vote by about 20-30 percentage points.

To test our hypothesis  $H1_{Voting}$  against the null hypothesis  $H0_{Voting}$ , we separate the post-RTAA data into two periods. The first period, covering the bills from 1934 to 1955, corresponds to the pre-conversion era in which Democrats were liberal and Republicans protectionist. The second, covering 1962 to 1994, represents the post-conversion era when partisan preferences on the trade issue reversed. Since the exact timing of the preference reversal is ambiguous, we repeated the same analysis by: 1. dropping the 1962 bill; and 2. reclassifying the 1962 bill in the first period, so that the first period runs from 1934 to 1962 and the second from 1974 to 1994. The substantive findings are virtually identical for all of these classifications. Further reclassification is unnecessary as the next bills in the data are 1955 and 1974 respectively, when trade preferences were comparatively unambiguous.

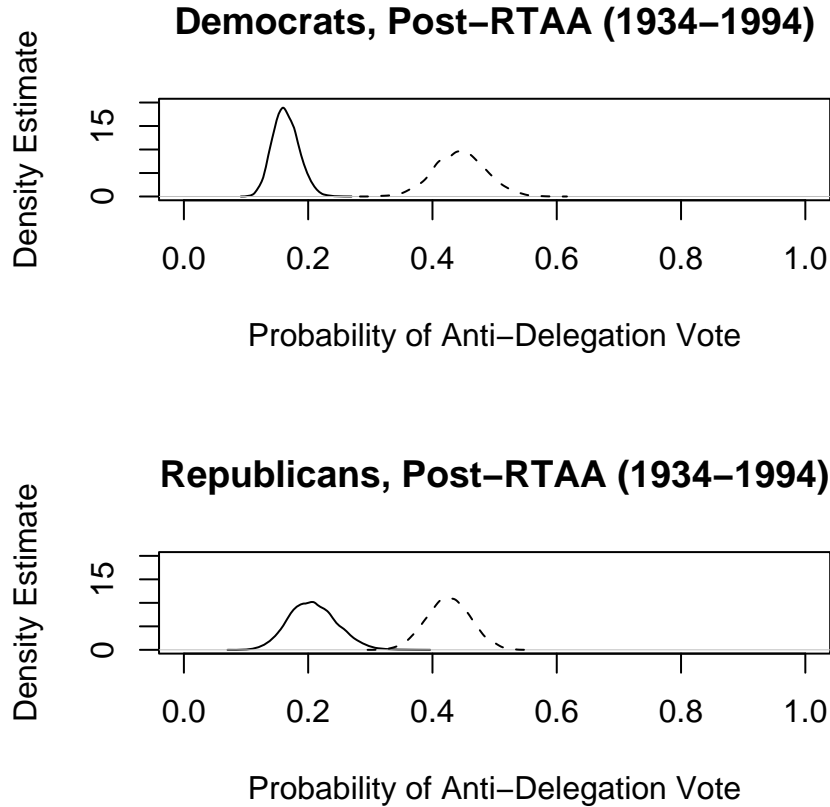


Figure 4: Simulated Probabilities of an Anti-Delegation Vote under Different Party Identities of the President, Post-RTAA (1934-1994): These panels contain density estimates of the probability that a senator casts an anti-delegation vote when the president is of the same party (solid curve) and of the opposing party (dotted curve). The panels show that after the RTAA was enacted in 1934, legislators appear to vote against delegation more frequently in the presence of an opposing-party president than in the presence of a same-party president. This is consistent with the conventional literature on divided government.

Our substantive findings are presented in Figure 5. The procedures are identical to those used to produce Figure 4 – holding control variables to their mean values, we ran 5000 simulations to obtain counterfactual expected values of interest. The top row presents results from the pre-conversion period when Democrats were pro-trade and Republicans protectionist. Post-conversion results are presented in the bottom

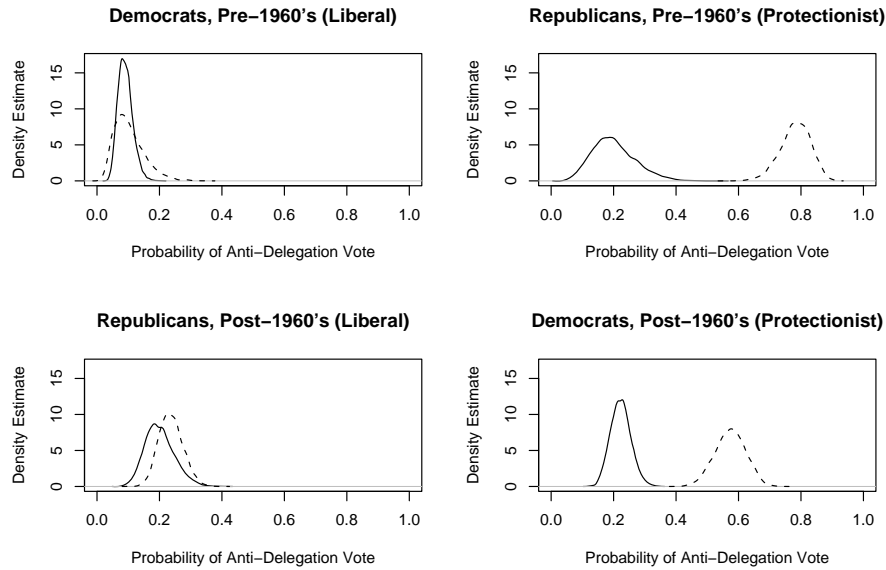


Figure 5: Simulated Probabilities of an Anti-Delegation Vote under Different Party Identities of the President (Post-RTAA Period Separated into Pre-1960s and Post-1960s): These panels contain density estimates of the probability that a senator casts an anti-delegation vote when the president is of the same party (solid curve) and of the opposing party (dotted curve). The panels demonstrate that senators of the liberal party vote similarly regardless of the president's party affiliation, while senators of the protectionist party are more likely to vote against delegation to an opposing party president.

row. For the sake of clarity, the liberal party in each period is placed on the left. The solid curves represent the estimated probability of an anti-delegation vote under a president of the same party, while the dotted curves represent the same probability under an opposing party president. As these panels demonstrate, the president's party identification has a substantial impact only on the voting behavior of the protectionist party. Protectionist party members appear to vote against delegation much more frequently in the presence of a liberal party president. In contrast, density estimates for the liberal party legislators overlap so heavily that it is impossible to distinguish voting behavior on the basis of the president's party identification. As

we predict, members of the liberal party in the post-RTAA era tend to support delegation to the executive regardless of the president’s party.

To make sure our results are not driven by the particular selection of bills included in our data set, we also coded voting outcomes for eleven additional delegation bills in the post-RTAA era and appended them to the data set. Since the state-level sectoral control variables are not available for these bills, we conducted our probit estimation using only institutional variables. We also followed a similar procedure for House votes. Our substantive findings remained unchanged for both chambers of Congress. However, as these results were obtained without adequate controls, we report estimates from the original data set in Figure 5.

### **4.3 The Effect of Divided Government on Tariffs**

This section presents our replication of Lohmann and O’Halloran’s (1994) results and modification to their data and model. As discussed in Section 4.2, our analysis of congressional voting provides a reasonable micro-foundation for theorizing about trade policy outcomes. While recognizing some potential for variation at the level of individual legislators, we follow Lohmann and O’Halloran in positing that the majority status of a political party will be correlated with congressional policy output in line with that party’s preferences. Hence, when a protectionist party is in the majority, we expect, on average, less delegation to a liberal party president than to a protectionist party president. Under a liberal party majority, we expect delegation to be forthcoming regardless of the identity of the president. As explained in Section 3, our hypothesis  $H1_{Tariffs}$  incorporates the possibility that a protectionist president may raise tariffs using unrelated presidential prerogatives even when receiving delegation. For this reason, it is possible for tariffs to rise somewhat under

a liberal Congress and protectionist presidency (but for reasons different than those suggested by scholars of divided government). Crucially, however, the same should be true under a unified protectionist government, which also results in delegation to a protectionist president. In regards to a liberal presidency, we predict an unambiguous decrease in tariffs following delegation by a liberal Congress compared to the condition under which a protectionist Congress refuses or severely restricts delegation.

### 4.3.1 Data

Lohmann and O'Halloran's original analysis drew on data from 1949 to 1990. The dependent variable is the tariff rate (T), which serves as a proxy for the level of protection.<sup>19</sup> Independent variables include measures of aggregate economic conditions: inflation, measured as the rate of change of the producer price index (I), and the unemployment rate (U). Political variables reflect the partisan composition of Congress and the presidency. In the original analysis, the following three variables were used: President (P), coded 1 if the president is a Republican and 0 if a Democrat; Congress (C), coded 1 if the Republicans control both chambers, -1 if the Democrats do, and 0 if Congress is under split partisan control; and divided government (DG), coded 1 if both chambers of Congress are controlled by one party and the presidency by the other (divided government), 0 if the party of the president controls only one chamber, and -1 if the presidency and both chambers are controlled by the same party (unified government). Table 6 in the Appendix presents the descriptive statistics for this data. Although we reconstructed some parts of this data independently, the descriptive statistics indicate that it is virtually identical to that used by Lohmann

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<sup>19</sup>See Keech and Pak (1995) for a historical overview of U.S. tariff rates since the 1800s.

and O’Halloran in their analysis.<sup>20</sup>

### 4.3.2 Replication and Modification

The time series model is estimated in first differences to account for autocorrelation in the dependent variable and for the fact that the tariff, unemployment, and inflation series move together. We successfully replicated the tests used in the original paper (Lohmann and O’Halloran, 1994, 623) to ascertain that this modeling choice is justified. In addition, we verified the authors’ assertion of heteroscedasticity in the data. Therefore, we report robust standard errors throughout the analysis.

The original model is specified as follows:

$$\Delta T_t = \alpha + \beta_1 \Delta I_t + \beta_2 \Delta U_t + \beta_3 \Delta P_t + \beta_4 \Delta C_t + \beta_5 \Delta DG_t + \epsilon_t. \quad (3)$$

The replication of the original results is presented in the first column of Table 3.<sup>21</sup>

#### *Extending the Data Set*

We collected additional data for the years 1991–2000<sup>22</sup> and reran the analysis on

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<sup>20</sup>We thank Richard Sherman for generously sharing his data from Sherman (2002). As data for producer price inflation was missing, we reconstructed it from the original sources cited by Lohmann and O’Halloran.

<sup>21</sup>The precise values of the coefficients on some of the control variables could not be replicated. However, the coefficient on the quantity of interest (divided government) is roughly the same: 0.14(2.39) as reported by Lohmann and O’Halloran, and 0.17(2.02) as replicated (*t*-statistics in parentheses).

<sup>22</sup>It is not possible to extend the data set backwards into the 1930s and 40s due to the lack of availability of the PPI index. We choose 2000 as a cutoff as coding the mid-year defection of Senator Jim Jeffords in 2001 is virtually impossible given the setup of this data – Jeffords defected from the Republican party on May 24, 2001, shifting control of the Senate midyear from Republicans to Democrats. Omitting 2001 from the analysis and including 2002–2003, the latest years for which the full set of economic variables are available, produces substantively similar results. Performing an out-of-sample test on only the new years was not feasible due to insufficient variation of the key causal variable.

Table 3: Effect of Divided Government on the Tariff Rate: Replication of Lohmann and O'Halloran (1994)

Independent Variables <sup>b</sup>	Original Specification <sup>a</sup>	
	1949–1990	1949–2000
Constant	-0.05 (-0.83)	-0.08 (-1.64)
$\Delta$ Inflation	-0.05 (-1.68)	-0.04 (-1.58)
$\Delta$ Unemployment	-0.07 (-1.04)	-0.07 (-1.06)
$\Delta$ President	-0.17 (-0.93)	0.09 (0.51)
$\Delta$ Congress	0.09 (1.27)	-0.04 (-0.44)
<b><math>\Delta</math>Divided</b>	<b>0.17*</b> (2.02)	<b>0.03</b> (0.33)
Number of Observations	42	50

<sup>a</sup>Note: The coefficient on the substantive quantity of interest – divided government – drops by an order of five after the data set is extended by ten years.

<sup>b</sup>We list coefficients with  $t$ -statistics in parentheses. The dependent variable is  $\Delta$ Tariff. White's heteroscedastic-consistent variances and standard errors are reported. A star denotes coefficients statistically significant at the 95% level.

the combined data set. The results are presented in the second column of Table 3. Lohmann and O'Halloran's main result disappears. Before the incorporation of new data, a change from unified to divided government produced a 0.34 average percentage point increase in the tariff rate (0 to 0.65 percentage points with 95% confidence), whereas after inclusion of the new data, divided government has no effect on the dependent variable (an increase by 0.06 percentage points, or  $-0.30$  to 0.43 percentage points with 95% confidence).

### 4.3.3 Testing Our Theory

In order to test hypothesis  $H1_{Tariffs}$ , we created five dummy variables describing all the possible combinations of congressional trade policy preferences and institutional alignment. These variables are ProtDiv, ProtUni, LibDiv, LibUni, and Split. They are mutually exclusive and exhaustive. For example, ProtDiv is coded 1 if Congress is protectionist and the president is of the free-trade party and 0 otherwise; LibUni is coded 1 if both Congress and the presidency are controlled by the free-trade party and 0 otherwise, etc. For each observation, the values of these dummies depend on whether or not the observation comes before or after the partisan switch. For example, 1958, a year of the Republican presidency and Democratic control of Congress, would be coded as liberal Congress-divided government if the partisan switch occurred after 1958, and protectionist Congress-divided government if the switch occurred before 1958. Because we cannot pinpoint the year of the switch precisely, we run analyses on multiple data sets. Each data set has a different switch year, which we vary from 1956 to 1973 to make this sensitivity analysis consistent with the one implicitly performed in Section 4.2.<sup>23</sup>

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<sup>23</sup>In order to ensure that the arbitrary choice of the switch year does not have a large effect on the results, the values of all the differenced dummies are set to 0 for the observation classified as the switch year, unless the party of the congressional majority or of the presidency changed in that

Table 4: Effect of Divided Government and Congressional Trade Preferences on the Tariff Rate: Testing Our Theory.

Hypothetical Scenarios	Percentage Point Change in the Tariff Rate <sup>a</sup>
Liberal Congress - Liberal President (Unified) → Protectionist Congress - Liberal President (Divided)	0.32 (0.06, 0.59) <sup>b</sup>
Protectionist Congress - Protectionist President (Unified) → Liberal Congress - Protectionist President (Divided)	-0.04 (-0.52, 0.45)

<sup>a</sup>Results are presented for the 1949-2000 data. In this particular data set, the switch year could have occurred any time between the elections of 1960 and 1968.

<sup>b</sup>95% confidence intervals in parentheses

We retain the functional form and the economic control variables from Lohmann and O'Halloran's original model. Four of the five dummy variables are substituted for the original political variables. As outlined at the beginning of this section, a liberal Congress under unified government is the state of the world that should be associated with unambiguous declines in tariff levels. Therefore, we use this dummy as our baseline and drop it from the analysis. The model is re-specified as follows:

$$\Delta T_t = \alpha + \beta_1 \Delta I_t + \beta_2 \Delta U_t + \beta_3 \Delta ProtDiv_t + \beta_4 \Delta ProtUni_t + \beta_5 \Delta Split_t + \beta_6 \Delta LibDiv_t + \epsilon_t \quad (4)$$

### *Results*

Table 4 shows the substantive results from our model, as they pertain to  $H1_{Tariffs}$ , tested on the full 1949-2000 data set for a partisan switch occurring some time year. In the latter case, the differenced dummies for the switch year are coded according to the post-switch partisan trade preferences.

between the elections of 1960 and 1968.<sup>24</sup> Table 8 in the Appendix presents the corresponding regression results.

We find support for our hypothesis  $H1_{Tariffs}$ . A hypothetical move from a unified liberal government to a divided government under a liberal president produces a significant increase in the tariff levels – 0.32 percentage points as indicated in Table 4. This is consistent with Lohmann and O’Halloran (1994)’s theory, and the magnitude of the effect is virtually identical. In contrast, a hypothetical move from a unified protectionist government to a divided government under a protectionist president has no substantive effect on tariffs – -0.04 percentage points, with a 95% confidence interval of -0.52 to 0.45 percentage points. The conventional perspective on divided government simply codes this shift as a movement from unified to divided government, which accounts for the lack of significance on the divided government variable that emerges in Table 3. Our substantive results are supported for a choice of any switch year between at least 1956 and 1973. We also tested our model using the original data for 1949-1990, and the substantive results remain.

## 5 Conclusion

This paper has extended the literature on domestic sources of U.S. trade policy by positing and testing an empirically grounded theory of congressional delegation and divided government. We improve upon the existing literature in several respects. First, we demonstrate that the “partisan switch” on trade policy that occurred around the 1960s has been associated with a reversal between Democrats

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<sup>24</sup>As indicated in footnote 23, we set the values of the differenced institutional dummies to 0 for the switch year unless the particular year brought a new partisan configuration to the Capitol or the White House. This is why the results are stable for switch years that fall between the election of 1960, which resulted in a change from a Republican (Eisenhower) to Democratic (Kennedy) president, and the election of 1968, which resulted in a change from a Democratic (Johnson) to Republican (Nixon) president.

and Republicans in their sensitivity to exporters. Since the 1930s, the constituency composition of the two parties has become virtually identical at the state level. However, party legislators differ considerably in their responsiveness to export and import-competing interests. Before the 1960s, the Democrats were clearly the party of exporters and irresponsible to import-competing constituents. After the 1960s, only Republicans have been responsive to exporters, while Democrats have become dramatically more responsive to the presence of import-competing constituents.

Second, we have reframed the conventional account of congressional trade authority delegation to the executive, which asserts that divided government causes Congress to vote for less delegation, producing more protectionist policy outcomes. By focusing on the structure of delegation and shifts in partisan trade preferences, we have posited an alternative theory according to which delegation is impeded only when Congress is controlled by a protectionist party. Hence, divided government matters, but only conditionally.

We find support for our theory in micro-level data on congressional voting on trade legislation. In the post-RTAA period, a free-trade party senator was equally likely to support delegation to presidents of either party. A protectionist party senator was much more likely to vote for delegation to a president of his own party than to an opposing party president. Across the whole post-RTAA period, a president of the opposing party increased the probability of an anti-delegation vote by protectionist senators by 23 to 41 percentage points with 95% confidence. We also find empirical support for our propositions in the tariff data utilized by Lohmann and O'Halloran (1994).

Our results present a mixed picture for the future of U.S. trade policy. In the current post-partisan switch era, we predict the most problematic trade policy outcomes under a Democratic Congress and Republican president. This appears to be

consistent with recent experience. Nonetheless, one must be cognizant of underlying shifts in partisan relations with their export and import-competing constituents. Our results indicate that both parties are sensitive to import-competers in the current era albeit to varying degrees. Just as both parties briefly swung towards a relatively liberal orientation on trade during the 1950s, it is not inconceivable for both to turn protectionist simultaneously, with devastating consequences for U.S. trade policy.

The results of this article could be further extended through gathering additional data. The availability of state-level constituency data for only a limited number of years constrained our voting analysis considerably. A complete data set of post-RTAA trade legislation including such controls would allow for a more nuanced examination of our theoretical propositions.<sup>25</sup> Similar data at the district level would enable analysis of House voting and also give us a clearer picture of constituency distributions over time. Evidence suggests that the House tends to be more protectionist than the Senate, although there is considerable debate as to whether this is due to constituency size or some other factor (??). Inclusion of House voting will therefore ly provide additional scope for variation and further strengthen the analysis. Compared to the Republican conversion towards free-trade, the Democratic turn towards protectionism remains a sparsely explored topic. More detailed data

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<sup>25</sup>In the course of this analysis, we examined whether legislators in each party behaved differently based on the composition of their constituencies. For example, our theory implies that a liberal party legislator with a minimal export constituency and a large import-competing constituency should behave like a protectionist. Since such a legislator is not likely to reap significant benefits from tariff reductions abroad, delegation to an opposing party president will be problematic. Preliminary analysis provides tentative support for our predictions. Holding other variables constant, we found that a hypothetical liberal party legislator with a mean level of export constituents does not vote differently under different party presidents. However, when the level of export constituents was reduced to zero, the liberal party legislator appeared to vote more protectionist under an opposing-party president compared to an own-party president, therefore behaving like a protectionist party legislator. However, our level of confidence in these results is low due to the highly interactive nature of the model required. We therefore leave this question open for future researchers.

will undoubtedly give us a clearer picture of how the party that both had a larger export constituency and was more responsive to it gradually became completely unresponsive.

## Appendix

Table 5: Descriptive Statistics for Voting Data used in Section 4.2: Post-RTAA Period before and after the Partisan Switch

Variable	Post-RTAA Voting Data			
	Pre-1960s		Post-1960s	
<i>Dependent Variable<sup>a</sup></i>	= 1	= 0	= 1	= 0
Voted	101	256	111	270
<i>Institutional Variables<sup>b</sup></i>	= 1	= -1	= 1	= -1
President	94	263	183	198
Congressional Party	137	217	160	221
Pres*Cong. Party	219	135	194	187
<i>Interest Group Variables</i>	Mean	Stand Dev	Mean	Stand Dev
Export	0.10	0.12	0.08	0.08
Import	0.05	0.08	0.09	0.09
Farm	0.21	0.17	0.09	0.11
Employment	0.07	0.05	0.07	0.03
Profits	0.16	0.07	0.17	0.07
<i>Number of Observations</i>	357		480	

<sup>a</sup>The binary dependent variable, Voted, is coded 1 for a protectionist (anti-delegation) vote and -1 for a liberal (pro-delegation) vote.

<sup>b</sup>Institutional variables are coded according to the partisan affiliation of the president or a particular senator. For both variables, a Republican is coded as -1 and a Democrat 1.

Table 6: Descriptive Statistics of the Trade Data Used in Estimating the Effect of Divided Government on Tariff Rates

Variable <sup>a</sup>	1949-1990		1949-2000	
	Mean	Stand. Dev.	Mean	Stand. Dev.
<i>Original Variables</i>				
Tariff rate	5.29	1.56	4.75	1.80
Inflation rate	3.55	4.13	3.15	3.83
Unemployment rate	5.70	1.62	5.68	1.54
President	0.62	0.49	0.54	0.50
Congress	-0.76	0.53	-0.58	0.69
Divided	0.00	0.94	0.12	0.94
<i>New Variables Used in Our Model<sup>b</sup></i>				
ProtDiv	0.29	0.46	0.27	0.45
ProtUni	0.29	0.46	0.27	0.45
LibDiv	0.14	0.35	0.23	0.43
LibUni	0.14	0.35	0.12	0.32
Split	0.14	0.35	0.12	0.32
Number of Observations	42		52	

<sup>a</sup>We follow the format used in Lohmann and O'Halloran (1994) of reporting means and standard deviations for all variables including institutional ones. Accounting for rounding error, all values are identical to those reported in Table 5 of their article.

<sup>b</sup>In this particular data set, the switch year could have occurred any time between the elections of 1960 and 1968.

Table 7: Sample Probit Table of Anti-Delegation Voting in the Senate (Pre-1960s): This table provides an example of the probit results from our voting analysis. The substantive results are presented in Figure 4 and Figure 5.

Independent Variables <sup>a</sup>	Pre-1960s	
	Coefficient	z-value
Constant	0.68*	2.02
Party	-0.64*	-6.14
President	0.41*	3.42
Party*President	-0.43*	-4.33
Export	-1.98*	-2.19
Import	0.81	0.69
Farm	-1.74*	-2.68
Employment	-5.62	-1.58
Profits	-2.97	-1.38
Number of Observations	357	

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<sup>a</sup>The dependent variable is Voting – a dichotomous variable taking on a value of 1 if a senator votes against delegation and 0 if a senator votes for delegation. A star denotes coefficients statistically significant at the 95% level.

Table 8: Regression Results: The Effect of Divided Government on Tariff Rates, Conditional on Congressional Trade Preferences.

Variable <sup>a</sup>	1949-1990		1949-2000	
	Coefficient <sup>b</sup>	t-statistic	Coefficient	t-statistic
$\Delta I$	-0.04	-1.56	-0.04*	-1.75
$\Delta U$	-0.07	-0.99	-0.07	-1.01
$\Delta \text{ProtDiv}$	0.28*	1.78	0.32*	2.44
$\Delta \text{ProtUni}$	0.10	0.82	0.19	1.58
$\Delta \text{LibDiv}$	0.29 <sup>c</sup>	1.54	0.16	0.88
$\Delta \text{Split}^d$	0.32*	3.06	0.38*	3.32
Constant	-0.05	-0.92	-0.07	-1.54
Number of Observations	42		52	

<sup>a</sup>The dependent variable is  $\Delta \text{Tariff}$ . The model is presented in Equation 4. In this particular data set, the switch year could have occurred any time between the elections of 1960 and 1968. The  $\Delta \text{LibUni}$  dummy is dropped and represents the baseline.

<sup>b</sup>A star denotes coefficients statistically significant at the 90% level. White's heteroscedastic-consistent variances and standard errors are used.

<sup>c</sup>As indicated in Section 3, due to the ability of protectionist presidents to unilaterally raise tariffs, we are not interested in the move from a liberal unified government to a liberal divided government, which is what this coefficient represents. The move of substantive interest is that from protectionist unified to liberal divided, which we predict to have no impact on tariffs – both cases should result in delegation to a protectionist president.

<sup>d</sup>There is only one period in our data when Congress was split: 1981-1986. This is a period of a Republican (liberal) presidency when Democrats controlled the House but not the Senate. Our theory predicts that delegation would be problematized by House Democrats, producing an outcome similar to the case of a protectionist Congress and liberal presidency. The results confirm these expectations. It should be noted that if split government occurred in the presence of a protectionist president, we would expect delegation to be more forthcoming from Congress.

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