

## CHAPTER 4

# A Society-Centered Approach to Trade Politics

Our focus on the international politics of trade has bracketed an important question—what determines the specific trade objectives that governments pursue when bargaining within the WTO, when negotiating regional trade arrangements, or when making unilateral trade-policy decisions? We take up this question in this chapter and the next by examining two approaches to trade politics rooted in domestic politics. This chapter examines a society-centered approach to trade politics. A society-centered approach argues that a government’s trade policy objectives are shaped by politicians’ responses to interest groups’ demands. This approach suggests that the Trump administration’s determination to renegotiate NAFTA and other free-trade agreements is a response to specific demands made by important domestic economic groups of workers and firms. Similarly, a society-centered approach argues that the British decision to leave the European Union (Brexit) reflects the economic interests of workers as voters who have been or fear that they will be displaced as a result of trade between Britain and the other European Union economies. Moreover, most of the domestic opposition to Brexit and to the Trump administration’s re-evaluation of America’s trade deals emerges largely from domestic economic groups that benefit from these trade agreements.

To understand the political dynamics of this competition, the society-centered approach emphasizes the interplay between organized interests and political institutions. The approach is based on the recognition that trade has distributional consequences. In North Carolina, for instance, people who had been employed in the textile and apparel industry—traditionally a large employer of low-skill labor—were hit very hard by

trade liberalization. Between 2000 and 2004, 207 textile and apparel factories across the state closed down, and about 44,000 people lost their jobs. In contrast, North Carolinians employed in the pharmaceutical industry or in finance have benefited from trade liberalization. The average wage earned by people employed in these industries rose in the first half of this decade, as did the total number of jobs available in these industries. In North Carolina, therefore, some people have gained from trade, whereas others have lost.

These distributional consequences generate political competition as the winners and losers from trade turn to the political arena to advance and defend their economic interests. The American Textile Manufacturers Institute and the National Council of Textile Organizations, business associations representing textile and apparel firms, pressure American politicians for more stringent controls on textile and apparel imports. They are joined by other business associations representing businesses harmed by trade liberalization. A protectionist coalition gradually begins to form. The Coalition of Service Industries, a business association that represents American financial-services firms (and many other service industry firms), pressures the U.S. government to conclude WTO negotiations aimed at liberalizing world trade in services. As other groups that benefit from expanded trade join them, a pro-liberalization coalition begins to form. Exactly how this competition unfolds—which groups organize to lobby, what coalitions arise, how politicians respond to interest-group demands, which groups' interests are reflected in trade policy and which groups' interests are not—is shaped by the political institutions within which it takes place.

This chapter develops the analytical tools central to a society-centered approach. We focus first on interest-group preferences—which groups prefer protectionism, which groups prefer liberalization, and why? We use trade theory to develop some systematic expectations about trade policy preferences, and we use collective action theory to understand which groups will organize to pursue their interests. We then turn our attention to political institutions, looking at how different institutional frameworks create different kinds of interest representation. We conclude by discussing some of the weaknesses of this approach.

## **TRADE POLICY PREFERENCES**

Because a society-centered approach argues that trade policy reflects interest-group demands, it devotes considerable attention to the source,

content, and organization of these demands. Here we examine two standard models of trade policy preferences: the factor model and the sector model. The two models agree that raising and lowering tariffs redistributes income, and they agree that these income consequences are the source of trade policy preferences. The two models offer distinctive conceptions of how trade's income consequences divide society. We examine both models and then turn our attention to the collective action problem that shapes the ability of groups with common interests to organize in order to lobby the government on behalf of their desired policies.

## Factor Incomes and Class Conflict

The factor model argues that trade politics are driven by competition between factors of production—that is, by competition between labor and capital, between workers and capitalists. Labor and capital have distinct trade policy preferences because trade's income effects divide society along factor lines. Whenever tariffs are lowered and trade expanded (or tariffs raised and trade restricted), one factor will experience rising income, whereas the other will see its income fall. Trade, therefore, places labor and capital in direct competition with each other over the distribution of national income. To fully understand the reason for this competition, we need to look at how trade affects factor incomes.

To do so, we are going to make some assumptions. First, we will assume that there are only two countries in the world: the United States and China. Second, we will assume that both countries produce two goods: shirts and computers. Third, we will assume that each country uses two factors of production, labor and capital, to produce both goods. Fourth, we will assume that shirt production relies heavily on labor and less heavily on capital, whereas computer production requires a lot of capital and little labor. Finally, we will assume that the United States is endowed with a lot of capital and little labor, whereas China is endowed with a lot of labor and little capital. These assumptions merely restate the standard trade model that we learned in [Chapter 3](#).

These assumptions establish who produces what. First, capital will be relatively cheap and labor will be relatively expensive in the United States, whereas the opposite will be the case in China. Consequently, the United States will export the capital-intensive good (computers) and will import the labor-intensive good (shirts). China will export the labor-intensive good and import the capital-intensive good.

We can now see what happens to factor incomes in the United States and China as they engage in trade. We look first at the United States. When the United States begins to import shirts from China, demand for American-made shirts falls. As demand for American shirts falls, American firms manufacture fewer of them. As shirt production falls, apparel firms liquidate the capital they had invested in shirt factories, and they lay off their employees. At the same time, American computer firms are expanding production in response to the growing Chinese demand for American computers. As American computer production expands, computer firms demand more capital and labor, and they begin to employ capital and labor released by the shirt industry.

There is an imbalance, however, between the amount of labor and capital being released by the shirt industry and the amount being absorbed into the computer industry. The imbalance arises because the two industries use labor and capital in different proportions. The labor-intensive shirt industry uses a lot of labor and little capital, and so as it shrinks, it releases a lot of labor and less capital. The capital-intensive computer industry employs lots of capital and less labor, and so as it expands it demands more capital and less labor than the shirt industry is releasing.

Consequently, the price of capital and labor will change. More capital is being demanded than is being released, causing the price of capital to rise. People who own capital, therefore, now earn a higher return than they did prior to trade with China. Less labor is being demanded than is being released, causing the price of labor to fall. Workers, therefore, now earn less than they did prior to trade with China. For the United States, then, trade with China causes the return to capital to rise and wages to fall.

The same dynamic is taking place in China, but in the opposite direction. As demand for Chinese computers falls, Chinese firms manufacture fewer computers. As computer production falls, Chinese computer manufacturers liquidate the capital they have invested in computer factories and they lay off their employees. Chinese shirt firms are expanding in response to the growing demand in the United States and they demand more capital and labor. The Chinese shirt industry thus absorbs capital and labor released from the computer industry.

Again, however, there is an imbalance between the factors being released and those being demanded. The computer industry uses lots of capital and little labor, and so as it shrinks, it releases lots of capital and only a little labor. Yet, the shirt industry employs a lot of labor and relatively little capital. So, as it expands, it is demanding more labor and

less capital than the computer industry is releasing.

Consequently, the relative prices of capital and labor change. More labor is being demanded than is being released, causing the price of labor to rise. Less capital is demanded than is being released, causing the price of capital to fall. Trade with the United States has caused the wages earned by Chinese workers to rise and the return to Chinese capital to fall.

Trade between the United States and China has thus caused changes in the incomes earned by workers and capitalists in both countries. Abundant American capital and abundant Chinese labor both gained from trade. Scarce American labor and scarce Chinese capital both lost. More generally, therefore, trade raises the income of society's abundant factor and reduces the income of society's scarce factor. If we allow this trade to continue uninterrupted, then over time, factor incomes in the United States and China will equalize. That is, wages for American workers will fall and wages for Chinese workers will rise until wages in the two countries are the same. The return to capital in the two countries will also equalize. The return to Chinese capital will fall and the return to American capital will rise until the return to capital in the two countries is the same. The tendency for trade to cause factor prices to converge is known as **factor-price equalization** (or the **Stolper-Samuelson Theorem**).

Trade policy preferences follow directly from these income effects. Because trade causes the scarce factor's income to fall, scarce factors want to minimize trade. Scarce factors thus demand high tariffs in order to keep foreign products out of the home market. Because trade causes the abundant factor's income to rise, abundant factors want to maximize trade. Abundant factors thus prefer low tariffs in order to capture the gains from trade. In the United States and other capital abundant countries, the factor model predicts that owners of capital (the abundant factor) will prefer liberal trade policies, whereas workers (the scarce factor) will prefer protectionist trade policies. In developing countries, the factor model predicts that labor will prefer liberal trade policies, whereas owners of capital will prefer protection. Trade politics are thus driven by conflict between labor and business (or capital). Because this competition pits workers against capitalists, the factor model is often called a class-based model of trade politics.

The **factor model** suggests that the debate over trade policy is a conflict over the distribution of national income between American labor and American business. Because trade reduces the income of American workers, these workers, and the organizations that represent them, have an incentive to oppose further liberalization and to advocate more

protectionist policies. And indeed, American labor unions have been very critical of globalization. The AFL-CIO, a federation of 64 labor unions representing 13 million American workers, has been among the most prominent critics of globalization. Although the AFL-CIO does not consider itself protectionist, it has fought consistently to prevent passage of fast-track authority. It is also highly critical of the North American Free Trade Agreement (NAFTA) and was opposed to the Trans-Pacific Partnership (TPP). Moreover, a large body of evidence indicates that support for trade liberalization is lowest among that segment of the American work force with the least amount of formal education, so-called low-skilled workers (see, e.g., Scheve and Slaughter 2001b; Hainmeueller and Hiscox 2006; Blonigen 2008).

Conversely, because trade raises the return to American capital, American businesses should be strong supporters of globalization. And American business has been very supportive of globalization. The Business Roundtable, a business association composed of the chief executives of the largest American corporations, strongly supports globalization. It has been an active lobbyist for fast-track authority, it supports NAFTA and the FTAA, and it strongly supported China's entry into the WTO. The National Association of Manufacturers, which represents about 14,000 American manufacturing firms, also supports the WTO and regional trade arrangements. Trade policy demands from American labor and capital thus reflect the income consequences that the factor model highlights. American trade politics does seem to be shaped by competition over national income between workers and capitalists.

We conclude with an important qualification. The emergence of conflict between workers and capitalists is based on the assumption, embodied in our simple two-factor model, that American labor is homogeneous—all workers are identical. Workers are not homogeneous, however, and at a minimum, we need to divide labor into distinct skill categories, such as low-and high-skill, and treat each category as a distinct factor of production. A model that allows for different skill categories among workers yields different conclusions about trade's impact on the incomes of American workers. Trade still reduces the income of low-skilled American workers; high-skilled workers, however, which are an abundant factor in the United States, would see their incomes rise.

## **Sector Incomes and Industry Conflict**

The **sector model** argues that trade politics are driven by competition

between industries. Industries have distinct preferences because trade's income effects divide society along industry lines. Whenever tariffs are raised or lowered, wages and the return to capital employed in some industries both rise, whereas wages and the return to capital employed in other industries both fall. Trade, therefore, pits the workers and capitalists employed in one industry against the workers and capitalists employed in another industry in the conflict over the distribution of national income.

## **Policy Analysis and Debate**

### **Trade Adjustment**

#### **Question**

How should governments respond to the economic dislocation caused by trade?

#### **Overview**

Most economists believe that trade does not change the number of jobs in the local economy. Instead, trade changes the kinds of jobs that are available. Jobs in import-competing industries disappear as firms shut down or move offshore. In the meantime, jobs are created in export-oriented industries. The jobs created offset the jobs lost. The jobs being created are quite different from the ones that are eliminated. In North Carolina, for example, trade has eliminated low-skilled jobs in the apparel industry while creating high-skilled jobs in high-technology industries. Society as a whole is much better off over the long run with these high-paying jobs than it is with low-paying jobs.

In the short run, however, the inevitable adjustment creates some real policy dilemmas. It is difficult for workers to move from low-skilled to high-skilled jobs. Typically, low-skilled workers have a high school education at best and in many instances are 40 years old or older. This segment of the population finds it very difficult to become employed in high-technology industries. Moreover, even if it weren't so difficult, many would find it necessary to abandon the communities in which they were born and raised to take a job in a new town. What policies should governments use to manage this trade adjustment problem?

## Policy Options

- *Protectionism*: Governments should raise tariffs or use other means to protect industries threatened by import competition. By protecting industries from import competition, this policy would protect the most vulnerable from the forces of economic dislocation.
- *Adjustment Assistance*: Governments should establish programs to retrain workers. This policy would help workers move from declining to expanding industries with less difficulty.

## Policy Analysis

- What are the costs and the benefits of each policy?
- Who pays the costs for each policy?
- Is one policy more feasible politically than the other? If so, why?

## What Do You Think?

- Which policy do you advocate? Justify your choice.
- What criticisms of your position would you anticipate? How would you defend your recommendation against those criticisms?

## Resources

*Online*: Do an online search for U.S. government trade adjustment policy. Compare the U.S. approach with that of another country. (Sweden provides a strong contrast.) Search for the terms *trade adjustment assistance Sweden* and *labor market policy Sweden*.

*In Print*: Alan V. Deardorff and Robert Stern, *The Social Dimensions of U.S. Trade Policy* (Ann Arbor: University of Michigan Press, 2000); Kenneth F. Scheve and Matthew J. Slaughter, 2007, "A New Deal for Globalization," *Foreign Affairs* 86 (July/August); Howard F. Rosen, "Designing a National Strategy for Responding to Economic Dislocation," Testimony before the Subcommittee on Investigation and Oversight House Science and Technology Committee, June 24, 2008.

[www.petersoninstitute.org/publications/papers/print.cfm?doc=pub&ResearchID=967](http://www.petersoninstitute.org/publications/papers/print.cfm?doc=pub&ResearchID=967).



The sector model argues that trade divides society across industry rather than factor lines because the assumptions it makes about factor mobility are different from the assumptions embodied in the factor model. **Factor mobility** refers to the ease with which labor and capital can move from one industry to another. The factor model assumes that factors are highly mobile; labor and capital can move easily from one industry to another. Thus, capital currently employed in the apparel industry can be quickly shifted to the computer industry. Similarly, workers currently engaged in apparel production can easily shift to computer production. When factors are mobile, people's economic interests are determined by their factor ownership. Workers care about what happens to labor, whereas capitalists care about the return to capital.

The sector model assumes that factors are not easily moved from one industry to another. Instead, factors are tied, or **specific**, to the sector in which they are currently employed. Capital currently employed in apparel production cannot easily move to the computer industry. What use does a loom or a spinning machine have in the computer industry? Workers also often have industry-specific skills that do not transfer easily from one sector to another. A worker who has spent 15 years maintaining sophisticated automated looms and spinning machines in an apparel plant cannot easily transfer these skills to computer production. In addition, the geography of industry location often means that quitting a job in one industry to take a job in another requires workers to physically relocate. Shifting from apparel production to automobile production might require a worker to move from North Carolina to Michigan. Logistical obstacles to physical relocation can be insurmountable. A worker may not be able to sell his house because the decline of the local industry has contributed to a more general economic decline in his community. Complex social and psychological factors also intervene, as it is difficult to abandon the network of social relations that one has developed over many years. The combination of specific skills, logistical problems, and attachments to an established community mean that labor cannot always move from one industry to another.

When factors are immobile, trade affects the incomes of all factors employed in a given industry in the same way. We can see why by returning to our U.S.–China example. Consider the apparel industry first. Shirt imports from China lead to less shirt production in the United States. Factories are closed, and workers are laid off. As in the factor model, apparel workers see their incomes fall. In contrast to the factor model, however, the owners of capital employed in apparel production also see

their incomes fall. Why? Because capital is immobile and therefore capital employed in apparel production cannot move into the computer industry. As demand for American shirts falls, demand for capital employed in the American shirt industry must also fall. As it does, the return to this capital must also fall. Workers and business owners in the apparel sector thus both suffer from trade.

The opposite consequences are evident in the computer industry. Trade's impact on the return to capital employed in the computer industry is similar to the factor model. As computer production expands, increasing demand for capital raises the return to capital employed in the computer industry. Trade's impact on the incomes of workers employed in the computer industry is quite different from the factor model's prediction. The factor model tells us that computer workers see their incomes fall as they compete against the workers released by the apparel industry. With more people chasing fewer jobs, all workers' incomes fall. The sector model argues that computer workers' incomes rise. Because labor is immobile, the workers released by the apparel industry cannot move into the computer industry. Greater demand for labor in the computer industry increases the wages paid to workers already employed in the industry. Thus, capital and labor employed in the American computer industry both gain from trade.

When factors are immobile, it makes little sense to speak of the interests of a unified labor or capital class. The apparel worker loses from trade; the computer worker gains. Roger Milliken (owner of the world's largest privately owned textile firm, Milliken & Company) loses from trade while Michael Dell (founder of Dell Computers) gains. Consequently, trade policy interests are defined in terms of the industry in which people work or have invested their capital. Apparel workers and Roger Milliken will have a common interest in trade policy. Computer workers and Michael Dell will have a common interest in trade policy. Trade politics is then driven by competition between the workers and capitalists who gain from trade and the workers and capitalists who lose. The result is not class conflict, but conflict between industries.

We can be very precise about which industries gain and which lose from trade. Labor and capital employed in industries that rely intensively on society's abundant factor (that is, the country's comparatively advantaged industries) both gain from trade. In the advanced industrialized countries, this means that labor and capital employed in capital-intensive and high-technology industries, such as computers, pharmaceuticals, and biotechnology, gain from trade. As a group, these industries are referred to

as the **export-oriented sector**. Conversely, labor and capital employed in industries that rely intensively on society's scarce factor (that is, the country's comparatively disadvantaged industries) lose from trade. In the advanced industrialized countries, this means that the incomes of owners of capital and workers employed in labor-intensive sectors such as apparel and footwear will fall as a result of trade. As a group, these industries are commonly referred to as the **import-competing sector**. Thus, the sector model argues that trade politics is driven by competition between the import-competing and export-oriented sectors.

The sector model adds nuance to our understanding of the political debate over globalization. The factor model suggests that the debate over globalization pits labor against capital, and the sector model suggests that this political debate often pits capital and labor in import-competing industries against capital and labor in export-oriented industries. We might expect therefore that UNITE (the Union of Needletrades, Industrial and Textile Employees), the principal union in the American apparel industry, and the American Textile Manufacturers Institute (ATMI), a business association representing American textile firms, would both oppose globalization. Indeed, this is what we find. UNITE has been a vocal opponent of NAFTA, of the FTAA, and of fast-track authority. For its part, the ATMI has not been critical of all trade agreements, but it has opposed free-trade agreements with South Korea and Singapore, has been very critical of the American decision to grant China permanent normal trade status, and does not support further opening of the U.S. market to foreign textiles through multilateral trade negotiations (American Textile Manufacturers Institute 2001). In general, labor and capital employed in textile and apparel are both skeptical of globalization.

Conversely, the sector model predicts that capital and labor employed in export-oriented industries will both support globalization. It is relatively easy to document such support among American export-oriented firms. A coalition of business associations representing American high-tech firms—including the Consumer Electronics Association, Electronic Industries Alliance, Information Technology Industry Council, MultiMedia Telecommunications Association, and The Semiconductor Industry Association—has supported fast-track authority, the approval of normal trade relations with China, NAFTA, and the FTAA. It is more difficult to document attitudes of workers employed in these industries, in large part because workers in high-technology sectors are not unionized to the same extent as workers in many manufacturing industries. However, workers in high-tech industries are predominantly high skilled, and on average, high-

skilled workers are more supportive of trade liberalization than low-skilled workers (Scheve and Slaughter 2001a, 2001b). Although this is indirect evidence, it is consistent with the prediction that both labor and capital employed in American high-technology industries will support globalization.

The factor and sector models thus both argue that trade policy preferences are determined by the income consequences of trade. Trade raises the incomes of some groups and lowers the incomes of others. Those who gain from trade prefer trade liberalization, whereas those who lose prefer protectionism. Each model offers a distinct pattern of trade policy preferences, however, based on distinct conceptions of how the income effects of trade divide society (see [Table 4.1](#)). The factor model states that trade divides society across factor lines and that, consequently, trade politics is driven by conflict between labor and capital. The sector model states that trade divides society along sector lines and that, consequently, trade politics is driven by conflict between import-competing and export-oriented industries. These distinct patterns are based on the assumptions each model makes about factor mobility. The factor model assumes that factors are highly mobile, and therefore people define their interests in terms of factor ownership. The sector model assumes that factors are immobile, and thus people define their interests in terms of the industry in which they earn their living.

Some recent research challenges the assumption that trade policy preferences reflect narrowly defined economic self-interest (see, e.g., Mansfield and Mutz 2009, 2013; Mutz and Kim 2017; Mansfield, Mutz and Brackbill 2016; Rho and Tomz 2015, 2017). Rather than base trade policy preferences on their factor ownership or on the sector in which they are employed, this research suggests that people base their trade policy preferences on perceptions or beliefs about what is good for the country as a whole. Such “sociotropic” concerns might focus on or revolve around attitudes toward out-groups (e.g., foreigners), foreign policy (i.e., isolationism or interventionism), or beliefs about the impact of trade on the national economy rather than specific sectors. As a consequence, people might hold complicated trade policy preferences that change over time. For instance, a person might support trade during economic booms but oppose trade during recessions. If citizens believe that trade enriches their country as a whole, they will be more likely to support open trade. Conversely, if citizens believe that trade causes a loss of jobs to other countries they will be more likely to oppose open trade policies.

**TABLE 4.1****Two Models of Interest-Group Competition over Trade Policy**

|  | The Factor Model  | The Sector Model  |
|--|---|---|
| The principal actors                               | Factors of production or classes  | Industries or sectors   |
| How mobile are factors of production?              | Perfectly mobile across sectors of the economy  | Immobile across sectors of the economy  |
| Who wins and who loses from international trade?   | <i>Winner:</i> abundant factor—capital in the advanced industrialized countries<br><i>Loser:</i> scarce factor—labor in the advanced industrialized countries | <i>Winner:</i> labor and capital employed in export-oriented industries<br><i>Loser:</i> labor and capital employed in import-competing sectors |
| Central dimension of competition over trade policy | Protectionist labor versus liberalizing capital   | Protectionist import-competing industries versus liberalizing export-oriented industries  |

What conclusions should we draw from this research about the utility of continuing to rely on the two standard economic models of trade policy preferences? Some scholars argue that the failure to find evidence that individuals' trade policy preferences reflect factor ownership or sector of employment constitutes a fundamental challenge to the open economy politics perspective. Some have argued that this research "shakes the foundations of OEP, threatening to topple the entire superstructure" (Lake 2013, 575). Others suggest that the field should rely less on the assumption that preferences reflect objective reality and focus more on the importance of individual beliefs as models that mediate between the objective material world and individual preferences (Rho and Tomz 2017, S103–4). My own view is that the primary actors that engage in trade politics typically are large organizations rather than individuals. From this perspective, whether United Autoworkers of America's trade policy preferences conform to the expectations of standard trade theory is a more relevant concern than the

preferences of the individuals that these associations represent.

## **A Closer Look**

### **Brexit: A Backlash, but Against What?**

On June 23, 2016, voters in the United Kingdom went to the polls to vote on a national referendum that would determine the future of the UK's relationship with the European Union (EU). The question they were asked was remarkably simple: Should the UK Remain a member of the European Union or Leave the European Union? The Brexit referendum had been called by then Conservative Party Leader and Prime Minister David Cameron earlier in the year in order to make good on a promise he had made in 2013: if the Conservative Party were re-elected in the 2015 general election, he would schedule a national referendum on EU membership. Somewhat astonishingly, the Leave vote prevailed (a disappointment for Cameron who resigned the next day), attracting 52 percent of the votes cast.

Is Brexit a backlash against globalization? Is it a retreat from the neoliberalism that has dominated international political economy since the early 1980s? Pressure on the British government to hold a referendum on EU membership arose from a number of sources. First, and most broadly, membership in Europe has always been controversial in British politics. Britain remained outside the European Economic Community (EEC, as it was then called) when it was first established in the late 1950s. And even after it joined the EEC in the early 1970s, Britain remained deeply divided about the terms of its membership. Labour Party leader and Prime Minister Harold Wilson held a first referendum on UK membership in the EEC in 1975, only 2 years after the UK had joined. During the 1980s and 1990s, the Eurosceptics emerged as an influential force within the Conservative Party. Europe, according to a former Conservative Party leader William Hague, served as the Party's "ticking time bomb." Hence, the fact that Britain is deeply divided over its relationship with the EU is hardly a new development generated as a reaction to deepening globalization.

It is true that the more or less constant anti-Brussels refrain in British politics has been amplified since 2006 by a number of factors associated with globalization. In addition, Conservative austerity policies, a slow economic recovery following the 2008 financial crisis, and rising immigration into the UK from the EU's newest members in

Central and Eastern Southern Europe added to social dissatisfaction. Nigel Farage exploited this dissatisfaction once he became leader of the stridently anti-Europe United Kingdom Independence Party (UKIP) in 2006. UKIP became a significant actor in the British debate on Europe, winning 24 of the UK's 73 seats in the 2014 European Parliament elections. He began to widen his base by seeking support from the British working class and encouraging defections from the Conservative Party. Cameron's decision to call the referendum in 2016, therefore, constituted a calculated gamble—he hoped that the vote would deliver a majority for Remain and that that would in turn unify the Conservative Party (if not British society) around a common policy (Oliver 2015, 82). So, it is difficult to characterize Brexit as an elite-driven backlash against globalization.

Nor does the evidence on why voters voted as they did provide conclusive evidence that Brexit constitutes a backlash against globalization. On the one hand, polling data offers evidence that British voters' preferences over Brexit reflected their economic interests as the standard trade models we have discussed here would predict (see Owen and Walter 2017; Sampson 2017). In broad terms, these models predict that losers from trade and immigration were likely to vote Leave, while those who gained from Britain's economic interdependence with the EU would vote Remain. And to a considerable extent, this is the pattern we observe. First, voters with a university degree were significantly more likely to support Remain, while voters without a university degree were more likely to vote Leave. This result is consistent with our belief that human capital is comparatively advantaged in the UK, and thus voters who have a university education benefit from and support EU membership, while those without such education are harmed by and wish to exit the EU. Second, higher income households supported continued EU membership, while lower income households supported exit. This result may indicate that households that have done well economically under EU membership are likely to support Remain while households that have done poorly are more likely to support Leave. Finally, young voters (18–24) were significantly more likely to vote for the Remain side and older voters (55 and older) were more likely to vote Leave. This may indicate that individuals with greater mobility and fewer sector-specific skills (the young) are more ready to accept the risks of trade openness than individuals with less mobility. These findings thus reveal that those who gain from EU membership voted Remain, while

those who lose voted Leave.

Yet, other evidence confounds this distributive impact of trade interpretation of votes for and against Brexit. We see substantial indication that values and identities played an important role in voter orientation. For instance, people with socially conservative views, as measured by their support for women's rights for instance, were more likely to vote to Leave. Similarly, people who believe that Britain was better off (in some unspecified way) 30 years ago than it was today were more likely to vote Leave. In addition, those who voted Leave reported that the impact of EU membership on immigration and its erosion of British sovereignty were the first and second most important factors in their decision calculus (Owen and Walter 2017, 183). And voters who were most concerned about immigration lived in regions that had among the lowest immigrant populations in aggregate and as a share of total population. Voter support for Leave thus reflected a much more complex configuration of factors—some economic, some social, some individual, some sociotropic—than the standard trade theory models highlight.

So, if Brexit wasn't a backlash against the impact of trade on individual incomes, what was it a backlash against? One might suggest that Brexit constituted a backlash against the broader social, economic and political transformations that have occurred over the last 30 years. Some of these transformations pertain specifically to Britain's experience in the EU, such as a perceived loss of British sovereignty due to EU membership. Many of these transformations are of a more general nature. As Sampson has nicely summarized, Brexit

succeeded because it received the support of a coalition of voters who felt left behind by modern Britain. People may have felt left-behind because of their education, age, economic situation, or because of tensions between their values and the direction of social change, but, broadly speaking, a feeling of social and economic exclusion appears to have translated into support for Brexit.

(Sampson 2017, 178)

Arguably, this statement applies with equal force to the election of Donald J. Trump in November 2016. And this is deeply troubling, because it isn't clear how one designs policy to address the concerns of those who have been left behind.



## ORGANIZING INTERESTS: THE COLLECTIVE ACTION PROBLEM AND TRADE POLICY DEMANDS

Actors' preferences are not transformed automatically into political pressure for specific trade policies. Transforming preferences into political demands requires that the actors who share a common preference organize in order to exert influence on the policy-making process. Organizing can be so difficult that individuals with common interests may not organize at all. This might seem counterintuitive. If trade affects incomes in predictable ways, and if people are rational, then why wouldn't people with common interests join forces to lobby for their desired policy?

Groups often can't organize because they confront a public goods problem or **collective action problem** (Olson 1965). Collective action problems are similar to the problem of public goods provision. Consider consumers and trade policy. As a group, the 200 million or so consumers who live in the United States would all gain from free trade. These 200 million people thus have a common interest in unilateral trade liberalization. To achieve this goal, however, consumers would have to lobby the government. Such lobbying is costly—money is required to create an organization, to pay for a lobbyist, and to contribute to politicians' campaigns, and time must be dedicated to fundraising and organization. Consequently, most consumers will perform the following very simple calculation: my contribution to this campaign will make no perceptible difference to the group's ability to achieve free trade. Moreover, I will benefit from free trade if the group is successful regardless of whether I have contributed or not. Therefore, I will let other consumers spend their money and time; that is, I will free ride. Because all consumers have an incentive to free ride, no one contributes time and money, no one lobbies, and consumer interests fail to influence trade policy. Thus, even though consumers share a common goal, the collective action problem prevents them from exerting pressure on politicians to achieve this goal. The incentive to free ride makes collective action in pursuit of a common goal very difficult.

The logic of collective action helps us understand three important characteristics of trade politics. First, it helps us understand why producers rather than consumers dominate trade politics. Consumers are a large and homogeneous group, and each individual consumer faces a strong incentive to free ride. Consequently, contributions to a "Consumers for Free Trade" interest group are substantially less than the underlying

common interest in free trade would seem to dictate. In contrast, most industries are made up of a relatively small number of firms. Producer groups can thus more readily organize to lobby the government in pursuit of their desired trade policy. The logic of collective action helps us understand why producers' interests dominate trade politics, whereas consumer interests are often neglected.

Second, the logic of collective action suggests that trade politics will exhibit a bias toward protectionism. A tariff provides large benefits to the few firms producing in the protected industry. The costs of a tariff, however, are distributed across a large number of individuals and firms. A higher tariff on steel, for example, provides large benefits to the relatively small number of American steel producers and their workers. The costs of a steel tariff fall on everyone who consumes steel, a group that includes most American consumers as well as all firms that use steel as an input in their production processes. The small group of steel producers that benefits from the higher tariff can fairly easily overcome the collective action problem to lobby for protection. The large and heterogeneous group that bears the costs of the tariff finds it much more difficult to organize for collective action. Consequently, trade politics is dominated by import-competing industries demanding protection.

Finally, the logic of collective action helps us understand why governments rarely liberalize trade unilaterally, but have been willing to do so through negotiated agreements. Reciprocal trade agreements make it easier for export-oriented industries to overcome the collective action problem (see Bailey, Goldstein, and Weingast 1997; Gilligan 1997; Milner 1988). Reciprocal trade agreements provide large benefits in the form of access to foreign markets to small groups of export-oriented firms. Reducing foreign tariffs on microprocessors for personal computers, for example, provides substantial gains to the three American firms that dominate this industry (Intel, Advanced Micro Devices [AMD], and Motorola). These three firms will solve the collective action problem they face and lobby for trade liberalization at home in exchange for the removal of foreign barriers to their exports.

Many scholars argue that exactly this effect lies behind postwar trade liberalization in the United States. The Roosevelt administration proposed and Congress passed the **Reciprocal Trade Agreements Act** (RTAA) of 1934. This legislation has continued to structure U.S. trade policy ever since. Under its terms, Congress delegates to the president the authority to reduce tariffs in exchange for equivalent concessions from foreign governments. By linking reductions of American tariffs to the opening of

foreign markets to American exporters, the RTAA transformed the large and heterogeneous group favoring liberalization into small groups of export-oriented industries that could more easily organize to pursue common goals. This in turn altered the balance of interest-group pressure that politicians faced. More balanced political pressure made politicians more willing to liberalize trade.

In a society-centered approach, therefore, trade politics are shaped by competition between organized interest groups. This competition sometimes revolves around class conflict that pits workers against business owners, and at other times revolves around industry conflict that pits import-competing industries against export-oriented industries. In all cases, however, the core conflict in, and the ultimate stakes of, this competition remain the same: the distribution of national income. The winners of this political competition are rewarded with rising incomes. The losers become poorer.

## **POLITICAL INSTITUTIONS AND THE SUPPLY OF TRADE POLICY**

While scholars have devoted considerable attention to developing conceptual models of the demand side of trade politics, they have focused less on the supply side of trade politics. Supply-side models strive to say something systematic about who wins the competition over trade policy. Here we find considerable agreement that political institutions play an important role in transforming interest-group demands into actual policies, but substantially less agreement about how exactly they do so.

Political institutions shape how competition between organized interests unfolds. They do so by establishing rules that influence the strategies people adopt in pursuit of their policy objectives. These rules influence how people organize, and thus determine whether interests organize around factor or sectoral interests. Rules influence how organized interests exert pressure on the political process and thus determine whether interest groups lobby the legislature or whether they exert influence through political parties. Rules influence which interests politicians must respond to and thus determine which interests gain representation and which do not. Because political institutions shape the way people behave, they have an important impact on who ultimately wins the battle over national income.

The electoral system is one institution that most political economists agree has an important impact on trade politics. Electoral systems can be

classified into two broad categories: majoritarian and proportional. The critical dimension on which the two types are distinguished is the number of legislative seats selected in each constituency. **Majoritarian** electoral systems combine single member districts and first-past-the-post elections. Great Britain, for example, is divided into 650 constituencies, each of which elects a single member of parliament. First-past-the-post voting means that a candidate need only attract a plurality of the vote to win in each district. As a result, British political parties can capture a majority in the House of Commons with only a plurality of the popular vote. In the 2005 election, for example, the Labour Party received 35 percent of the popular vote but won 55 percent of the seats in the House of Commons. In 2010, the Conservative Party captured 47 percent of the seats in the House with only 36 percent of the popular vote. Majoritarian systems also disadvantage smaller third parties. The British Liberal Democrats, for example, earned 23 percent of the popular vote in the 2010 election, but only 9 percent of the seats in parliament.

**Proportional representation** (PR) electoral systems employ multi-member districts to distribute legislative representation in proportion to the share of the popular vote each party attracts. Norway, for example, is divided into 19 constituencies, each of which elects between 4 and 17 representatives to the Norwegian parliament. Legislators from each district are selected from the political parties in proportion to the party's share of the popular vote in the district. In the 2009 election, the Norwegian Labor Party gained 33 percent of the seats in parliament based on 35 percent of the popular vote, while the second largest party, the Progress Party, captured 22 percent of the seats on 23 percent of the popular vote. In PR systems, therefore, a party's importance in the legislature closely tracks its share of the popular vote.

Electoral systems can affect trade politics in two ways. First, electoral systems may play an important role in shaping how groups organize to pursue their trade policy objectives. In particular, majoritarian systems may encourage organization around the common sector-based interests while PR systems may encourage organization around factors. Consider the incentives created by majoritarian electoral systems. To win elections in such systems, candidates must satisfy the demands of their districts' residents. Each electoral district is relatively small and likely to be dominated by one or two major industries. The wages paid in these industries will in turn play a large role in supporting the rest of the district economy—the retail and service-sector businesses that provide jobs for many other people in the community. Such electoral systems create

incentives for elected officials to represent the interests of the owners of and workers in the industries that dominate economic activity in their districts. We expect legislators from Detroit, Michigan, to advance and defend the interests of the auto industry and its employees. Because elected representatives have incentive to reward demands from the industries in their districts, industries have incentive to pursue their narrow interests rather than seek to construct broader coalitions. Consequently, majoritarian electoral institutions may create strong incentives for individuals to organize around narrow industry-specific interests.

In contrast, PR systems do not link political representation tightly to the interests of small and undiversified electoral districts. In the extreme case, for example, a PR system has a single national constituency. In such systems, electoral success requires the construction of electoral coalitions that appeal to broad rather than narrow interests. Consequently, PR systems seem to produce political parties based on class or factor interests. In Norway, for example, the three largest political parties in postwar politics are closely tied to factor-based interests. The labor party is closely linked to Norwegian labor unions, the agrarian party evolved out of the farm movement of the 1920s, and the conservative party has represented the business or capital interest. And with the electoral system creating an incentive to represent factor-based interests, economic actors gain an incentive to pursue their trade policy goals by organizing around factor-based interests. Thus, PR systems may create incentives for individuals to organize for political action around factoral interests.

Electoral systems may also affect the level of protection adopted by governments in the two systems. In particular, we might expect governments in countries with PR systems to maintain lower tariffs (and other trade barriers) than governments in countries with majoritarian electoral systems. The logic behind this hypothesis asserts that the small groups that benefit from protection can more easily influence policy in majoritarian than in proportional systems. As one advocate of this hypothesis explains,

When automakers or dairy farmers entirely dominate twenty small constituencies and are a powerful minority in fifty more, their voice will certainly be heard in the nation's councils. Where they constitute but one or two percent of an enormous district's electorate, representatives may defy them more freely.

(Rogowski 1987, 208)

Such a logic may help us understand why farmers, who constitute much

less than 5 percent of the American population, are able to gain such favorable legislation from Congress. In other words, minority interests can construct legislative majorities more easily in majoritarian than in PR systems.

It has proven difficult to tease out unambiguous empirical support for this electoral system hypothesis (Rickard 2015). The most recent empirical investigation reports substantial evidence that tariffs are higher in countries with majoritarian electoral systems than they are in countries with proportional systems (see Evans 2009). Analyzing the experience of as many as 147 countries (and as few as 30) between 1981 and 2004, this study finds that the average tariff in majoritarian countries stood at 17 percent, while the average tariff in countries with PR systems reached only 12 percent. This five-percentage point difference persists even when the relationship between electoral systems and tariff rates is evaluated with more demanding statistical techniques that control for a large number of possible alternative explanations.

Other research reaches very different conclusions. A study that focuses on the experience of Latin American countries in the 1980s and 1990s finds that tariffs are higher in countries with PR systems than they are in countries with majoritarian electoral systems (Hatfield and Hauk 2004). A study based on variation in non-tariff forms of protection in 14 industrial countries during the 1980s also finds that protectionism was higher in countries with PR systems than in countries with majoritarian systems (Mansfield and Busch 1995). Both of these studies thus find exactly the opposite of what the electoral system hypothesis suggests we should observe. Consistent evidence about how electoral systems shape the level of protection has thus proven difficult to find (see Oatley 2017; Rickard 2015).

One final political institution, the number of veto players present in the political system, may also affect trade policy. A **veto player** is a political actor whose agreement is necessary in order to enact policy (Tsebelis 2002). In the U.S. context, each branch of government might be a veto player. Whether each branch is a veto player in fact depends upon the preferences of the individuals that control each branch. We might count situations of divided government, where one party controls Congress and the other party controls the White House, as two-veto player systems and count unified government as a one-veto player system. Coalition governments in parliamentary systems such as Germany, where two or more parties almost always make up the majority within the legislature and hold cabinet posts, are multi-veto player systems. Britain is perhaps the

simplest system (until quite recently). With its majoritarian electoral system and parliamentary government, it has been ruled by single-party majority governments for most of the postwar era. It is typically, therefore, a political system with a single veto player.

The central expectation of veto player theory is that the difficulty of moving policy from the status quo increases in line with the number of veto players in the political system. Applied to trade policy, this suggests that political systems with many veto players will find it difficult to alter tariffs in response to societal pressure for change (Henisz and Mansfield 2006). In contrast, tariffs will be relatively easy to change in political systems with few veto players. Some research that explores how protectionism reacts to changes in macroeconomic conditions supports this expectation. We might expect, for example, that protectionism would rise during recessions and fall during economic booms. This is surely what occurred during the 1930s as well as to a lesser degree in the 1970s. More recently, policymakers have feared that the recession sparked by the financial crisis would spark a surge of protectionism. However, the extent to which protectionism rises during recessions appears strongly shaped by veto players. Protection rises sharply during recessions in countries with few veto players, but rises substantially less in countries with fewer veto players.

## **A Closer Look**

### **International Factor Mobility and Trade Politics**

The standard trade theory models that we have looked at in this chapter assume that factors of production are immobile internationally. This means that although capital and labor can shift between uses within a national economy, though at different rates, factors of production cannot move between, say, the United States to Mexico. This assumption is obviously less and less valid in the contemporary global economy. As we shall see in later chapters, capital moves between nations in large amounts and in many forms, while the movement of people has also increased—in 2015, for example, the U.S. accepted 1.4 million new residents. Does international factor mobility force us to alter our approach to the distributional consequences of trade, and thus to the underlying structure of trade politics?

The simplest answer to this question is no: economists tell us that the cross-border flow of factors is fundamentally the same as the

cross-border flow of goods (see Blinder 2006; Mankiw and Swagel 2006). As a consequence, cross border factor flows typically reinforce the distributional consequences of trade in goods that the standard H-O and R-V models articulate. For instance, an inflow of low-skilled workers from Latin America to the United States should increase the supply of low-skilled labor in the American economy and thus reduce the return to low-skilled labor in the United States, just as increased imports of labor-intensive goods would. And an inflow of capital from the United States into Mexico would reduce the return to capital in Mexico. Thus, as long as factor flows are typically from areas where they are abundant to regions where they are scarce, cross-border factor flows have the same distributional consequences as the H-O model highlights for trade in goods.

International factor mobility does add some new facets to trade politics, however. First and most prominently, international factor mobility has pushed off-shoring to the center of trade politics. Off-shoring occurs when a firm based in one country moves all or part of its production to a second country and then uses this new location as a platform from which to export back to its original home. American automakers, for instance, have built factories in Mexico but they export a large share of the cars that they build in Mexico back to the American market. A significant element of the Trump administration's trade policy involves arm twisting American corporations in an attempt to get them to move this manufacturing activity back to the American economy. And at least part of the administration's threat to scuttle NAFTA reflects the belief that re-instating tariffs on imports into the U.S. from Mexico would encourage American companies to on-shore production. Perhaps ironically, restricting trade with Mexico could increase migration into the United States from Mexico as American firms pressure the U.S. government to relax controls on such immigration so as to expand the supply of low-skilled labor available in the American economy in order to reduce their labor costs (see Peters 2015, 2017).

Second, international factor mobility pushes class-based conflict to the center of trade politics and pushes sector-based conflict to the side. The increasing importance of factor or class in trade politics arises from the fact that capital is more mobile internationally than labor. Ford or General Motors can shift their production facilities to Mexico, but for a variety of reasons American auto workers typically do not follow these factories to secure jobs in Mexico. Consequently, the



commonality of interest over trade policy that the Ricardo-Viner model leads us to expect labor and capital to have when factors are immobile internationally disappears when capital specific to auto manufacturing can exit the American economy and set up shop elsewhere. Thus, as American auto producers increase their production in Mexico they become even stronger supporters of free trade between the U.S. and Mexico, while American auto workers become increasingly protectionist. We might even expect the combination of specific factors and international mobility to aggravate conflict as workers discover that they are trapped in a declining sector at home while their employers can use the same capital to produce the same goods in another location. In this environment, unions might pressure the government to restrict inward migration in an attempt to shore up wages for low-skilled workers (see Peters 2014, 2017).

Third, labor's bargaining power relative to capital weakens with international factor mobility. Labor unions have been able to gain significant concessions from corporations as a result of their ability to threaten to remove workers from the factory. The threat of a strike has thus enabled unions to gain higher wages, good benefits packages (healthcare and pensions especially), and improve working conditions for their members. Union power, however, rests on the assumption that capital is immobile, in both senses of the term. Once capital becomes internationally mobile, corporations can respond to union demands by threatening to move production off shore. The corporate threat to exit when faced with demands by unions thus reduces labor's ability to improve wages and benefits and can allow capital to take back some of the concessions it has already granted. The decline of defined benefit pension plans is one such example of this reversal. Some scholars have suggested that international capital mobility may generate a race-to-the-bottom dynamic in which corporations use the threat of exit to progressively weaken labor standards across the global economy.

Finally, unions have responded to the asymmetry of international factor mobility by pressuring the U.S. government to include enforceable labor standards in the free-trade agreements that it negotiates. All of the FTAs that the U.S. has negotiated since 2000 include a chapter on labor standards. In 2007, the Democrats in Congress reached agreement with the Bush administration that established a new benchmark for the labor chapters that would be included in a number of FTAs then under negotiation (Ciminos-Isaacs 2016, 261). The TPP includes the most ambitious set of labor

standards yet (ibid.). Incorporating labor standards in international trade agreements would make it more difficult for corporations to find low-wage and weakly regulated labor markets into which to off-shore production. This would not only strengthen labor rights in emerging market countries but would protect labor standards in the U.S. and Europe by reducing the opportunities for threatening to move production to a low-cost off-shore location.

Political institutions thus shape how private-sector trade policy demands are transformed into trade policy outcomes. The rules governing elections can influence whether private-sector groups organize around factors or sectors. These same rules can also shape the level of protectionism. The number of veto players in the political system shapes the government's ability to raise or lower tariffs in response to changes in the relative power of protectionist and liberalizing demands emanating from organized groups. These features of institutions thus play an important role in determining which groups prevail in the distributive competition over trade policy.

## CONCLUSION

Although a society-centered approach helps us understand how the interaction between societal interests and political institutions shapes trade politics, it does have weaknesses. We conclude our discussion of this approach by looking at the three most significant weaknesses. First, a society-centered approach does not explain trade policy outcomes. It tells us that trade politics will be characterized by conflict between the winners and losers from international trade, and it does a fine job telling us who the winners and losers will be. It does not help us explain which of these groups will win the political battle. Presumably, a country's trade policy will embody the preferences of society's most powerful interests. To explain trade policy outcomes, therefore, we need to be able to evaluate the relative power of the competing groups. The society-centered approach provides little guidance about how to measure this balance of power. The temptation is to look at trade policy outcomes and deduce that the most powerful groups are those whose preferences are reflected in this policy. Yet, looking at outcomes renders this approach tautological: we assume that the preferences of powerful groups are embodied in trade policy and then infer the power of individual groups from the content of trade policy. Thus, the society-centered approach is better at explaining why trade

politics are characterized by competition between organized interests than at telling us why one group outperforms another in this competition for influence.

Second, the society-centered approach implicitly assumes that politicians have no independent trade policy objectives and play no autonomous role in trade politics. This assumption is probably misleading. Politicians are not simply passive recorders of interest-group pressures. As Ikenberry, Lake, and Mastanduno (1988, 8) note, politicians and political institutions “can play a critical role in shaping the manner and the extent to which social forces can exert influence” on trade policy. Politicians do have independent trade policy objectives, and the constellation of interest groups that politicians confront is not fixed. Indeed, politicians can actively attempt to shape the configuration of interest-group pressures that they face. They can, for example, mobilize latent interest groups with a preference for liberalization or protection by helping them overcome their collective action problem. By doing so, politicians can create coalitions of interest groups that support their own trade policy objectives. Political institutions also affect the extent to which societal groups can influence policy. In some countries, political institutions insulate politicians from interest group pressures, thereby allowing politicians to pursue their trade policy objectives independent of interest group demands. We will examine this in greater detail when we look at the state-centered approach in the next chapter.

Finally, the society-centered approach does not address the motivations of noneconomic actors in trade politics. Societal interest groups other than firms, business associations, and labor unions do attempt to influence trade policy. In the United States, for example, environmental groups have played a prominent role in trade politics, shaping the specific content of NAFTA and attempting to shape the negotiating agenda of the Doha Round. Human rights groups have also become active participants in American trade politics. This has been particularly important in America’s relationship with China. Human rights groups have consistently sought to deny Chinese producers access to the U.S. market in order to encourage the Chinese government to show greater respect for human rights. The assumption that trade politics are driven by the reactions of interest groups to the impact of international trade on their incomes provides little insight into the motivations of noneconomic groups. The society-centered approach tells us nothing about why groups that focus on the environment or on human rights spend resources attempting to influence trade policy. Nor does it provide any basis with which to make sense of such groups’

trade policy preferences. In the past, such a weakness could perhaps be neglected because noneconomic groups played only a small role in trade politics. The contemporary backlash against globalization suggests, however, that these groups must increasingly be incorporated into society-centered models of trade politics.

Although recognizing these weaknesses of the society-centered approach is important, these weaknesses are not reasons to reject the approach. The appropriate measure of any theory or approach is not whether it incorporates everything that matters, nor even whether it explains every outcome that we observe. All theories abstract from reality in order to focus more sharply on a number of key aspects. Consequently, the appropriate measure of any theory or approach is whether it is useful—that is, does it provide us with a deeper understanding of the enduring features of the phenomenon of interest? On this measure, the society-centered approach scores high. By focusing on how trade shapes the fortunes of different groups in society, it forces us to recognize that the enduring features of trade politics revolve around a continual struggle for income between the winners and losers from international trade.

## KEY TERMS

Collective Action Problem  
Export-Oriented Sector  
Factor Mobility  
Factor Model  
Factor-Price Equalization  
Import-Competing Sector  
Majoritarian  
Proportional Representation  
Reciprocal Trade Agreements Act  
Sector Model  
Specific Factors  
Stolper-Samuelson Theorem  
Veto Player

## SUGGESTIONS FOR FURTHER READING

For an excellent introduction to, and an interesting attempt to resolve the debate over the factor and sector models of trade policy preferences, see Michael Hiscox, *International Trade and Political Conflict: Commerce, Coalitions, and Mobility* (Princeton, NJ: Princeton University Press, 2002).

See Stefanie Walter, 2017. “Globalization and the Demand-Side of Politics: How

Globalization Shapes Labor Market Risk Perceptions and Policy Preferences.” *Political Science Research and Methods* 5(1): 55–80 for some recent evidence on the material basis of individual trade policy preferences.

The literature on U.S. trade politics is enormous. The best available recent work is probably Douglas A. Irwin, *Clashing Over Commerce: A History of US Trade Policy* (Chicago: University of Chicago Press, 2017).

For a detailed focus on the role of public opinion in trade politics, see Alexandra Guisinger, *American Opinion on Trade: Preferences without Politics* (Oxford: Oxford University Press, 2017) and Sean Ehrlich, *The Politics of Fair Trade: Moving Beyond Free Trade and Protection* (Oxford: Oxford University Press, 2018).