US Trade Politics

Introduction

The literature on US trade policy-making is characterized by a dichotomy between explanations centred on the influence played by interest groups versus those that focus on divided government. Scholars disagree about whether US trade liberalization has been obstructed when different parties hold majority control of Congress and the presidency (divided government) and as to whether Congress abdicated from its constitutional powers by delegating trade authority to the president.

Some scholars argue that since the Second World War divided government has slowed down trade liberalization (Epstein and O’Halloran, 1996; Lohmann and O’Halloran, 1994), or that this has even impeded international trade agreements (Milner and Rosendorff, 1997). By contrast, other scholars have drawn the opposite conclusion, arguing that divided government has no effect on trade policy. For example, Mayhew (1991) remarks that major trade legislation has been passed under both united and divided governments. These studies differ both in the focus of their analysis and in their methodology: some use spatial models or statistical analysis (Bailey, Goldstein, and Weingast, 1997; Hiscox, 1999, 2002; Karol, 2000; Lohman and O’Halloran, 1994; Sherman, 2002), while others provide more detailed case studies of particular institutional arrangements that give rise to free trade or protectionism (Destler, 1992, 2005; Hody, 1996; Medick-Krakau, 1995; O’Halloran, 1997; Pfeil, 2000). Even though these studies come out with diametrically opposed explanations as to why Congress has delegated authority to the president, they can be divided into three competing views: presidential dominance thesis; congressional dominance thesis; and the nested game thesis.

First, proponents of the presidential dominance thesis consider that Congress, by transferring authority for setting tariffs to the president, has automatically abdicated from its control over trade policy (Bauer, Pool, and Dexter, 1972; Destler, 1992, 2005; Goldstein, 1988; Haggard, 1988;
Nelson, 1986). Destler (1992, 2005) argues that Congress members are unable to resist the protectionist pressures of special interest groups and thus choose to bind their hands by delegating trade policy to the president, who is less susceptible to protectionist pressures since he represents a broad national constituency. Bauer, Pool, and Dexter (1972) and Nelson (1986) speak in this context of a ‘deflection thesis’, meaning that interest group lobbying was so strong that by transferring authority to the president Congress simply wanted to divert protectionist pressures from itself. Haggard (1988) contends that in approving the 1934 Reciprocal Trade Agreements Act (RTAA), Congress created a strong executive able to pursue liberal trade policies. Goldstein (1988) also considers that the delegation of power from Congress to the president was a constraint upon the direct participation of Congress in the decision-making process. This group of scholars fails, however, to assess the extent of power delegation to the executive branch.

Second, the proponents of the congressional dominance thesis assert that the delegation of authority to the president does not mean that Congress has lost control of the executive branch, rather the situation is quite the contrary (Lohmann and O’Halloran, 1994; O’Halloran, 1994). The congressional dominance thesis in its extreme form suggests that even if Congress delegates power to the president, the latter’s discretionary powers are limited by procedural constraints. In this way, the resulting trade policies are similar to those that would be implemented by Congress if its members passed trade legislation without recourse to delegation. This view is consistent with the observation that the legislature has repeatedly restrained the president’s discretionary power by requiring presidential trade proposals to meet numerous consultation requirements before congressional approval. For O’Halloran (1994), the central issue is not which actor dominates the decision-making process, but how Congress structures the delegation of power in order to control trade policy without reverting to legislative logrolls. She shows that the same delegation regime can have different effects on the executive–legislative relationship, depending on the location of the status quo relative to the players’ preferences: sometimes the president seems to dominate the decision-making process, whereas in other cases Congress is partially able to constrain the president’s authority.

Lohmann and O’Halloran (1994) show that under divided government and partisan conflict, it is better for the majority party in Congress to constrain the president’s use of delegated authority. As a result, the president has to take protectionist pressures from Congress into account. This may lead to higher levels of protectionist trade policy. In times of divided government, Congress has strengthened institutional constraints on the president’s trade authority and under unified government institutional constraints have been loosened.

The nested game perspective analyses the interaction of electoral, partisan, and institutional variables (Gibson, 2000). For example, Karol (2000) focuses on the interaction of institutional and party constituency-based preferences.