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INTERESTS, INSTITUTIONS, AND  
IDEOLOGY IN THE REPUBLICAN  
CONVERSION TO TRADE  
LIBERALIZATION, 1934-1945

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### **ABSTRACT**

This paper investigates the factors explaining significant policy change by studying how bipartisan support developed to sustain the Reciprocal Trade Agreements Act (RTAA) of 1934. The RTAA fundamentally transformed both the process and outcome of U.S. trade policy: Congress delegated its authority over tariff-setting to the president, and the United States then moved sharply toward trade liberalization. The durability of this change was achieved only when the Republicans, long-time supporters of high tariffs who originally vowed to repeal the RTAA, began to support this Democratic initiative in the 1940s. In seeking to explain this conversion, we find little evidence of an ideological shift among Republicans, but rather an increased sensitivity to export interests for which the institutional structure of the RTAA itself may have been responsible. Our results suggest that analyzing changes in both institutional incentives and economic interests are important for understanding lasting change in economic policy.

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# **Interests, Institutions, and Ideology in the Republican Conversion to Trade Liberalization, 1934-1945**

Douglas A. Irwin and Randall S. Kroszner

## **I. Introduction**

The Reciprocal Trade Agreements Act (RTAA) of 1934 fundamentally changed not only the process but the course of U.S. trade policy. Prior to the RTAA, Congress regularly set tariffs on individual goods in a manner that proved to be particularly susceptible to log-rolling coalitions among special interests that sought high import duties. In passing the RTAA, Congress delegated to the executive branch the authority to reduce tariffs through foreign trade agreements that would not require direct congressional approval. Although the RTAA originally granted this negotiating authority to the executive for only three years, Congress periodically renewed the legislation and never again enacted a general tariff bill. The RTAA introduced a lasting institutional change that has served as the basis for more than half a century of U.S. trade liberalization, resulting in a sustained reduction in average import tariffs (see Figure 1).

Yet the RTAA originally grew out of a sharp partisan division over trade policy and was passed despite strong Republican dissent when the Congress and Presidency were firmly in control of the Democrats. Republicans had consistently supported high tariffs, culminating in the infamous Smoot-Hawley tariff of 1930, and had opposed the RTAA because they anticipated that it would be an instrument for lowering tariffs. Their 1936 election platform explicitly vowed to “repeal the present reciprocal trade agreement law” and not a single Republican Senator voted in favor of renewing the RTAA in 1937 and 1940. As the 1940s progressed, however, Republicans began to cross the aisle and vote with Democrats in favor of RTAA renewals. Finally, in their

1948 election platform, the Republicans declared: “we shall support the system of reciprocal trade.”

This paper addresses why the Republicans abandoned their long-standing advocacy of protectionism and began supporting reciprocal trade agreements. We examine how factors such as changes in ideology and economic interests, as well as the institutional structure of the RTAA itself, were responsible for the Republican switch from opposition to support of the RTAA. Because the Republicans could have abolished the RTAA when they were returned to power, their conversion was crucial to the stability and durability of this institutional change. Without a bipartisan consensus in favor of a more liberal trade policy, postwar commercial policy arrangements made possible by the RTAA, such as the General Agreement on Tariffs and Trade (GATT), would have been in jeopardy. Our analysis enables us to explore the broad issue of the domestic economic and political conditions for lasting institutional and policy change (Bhagwati 1988; North 1981).

The next section describes the partisan nature of U.S. trade politics in the years prior to the Republican conversion and analyzes the institutional changes in the trade policy process associated with the RTAA. In particular, we examine how the new structure tended to increase the participation and influence of export interests relative to import-competing interests. Section III considers alternative explanations — changes in ideology, in economic interests, and in foreign policy considerations — for why the Republicans abandoned protectionism. To differentiate among the hypotheses, we develop a probit voting model to predict the Senate votes on the original RTAA in 1934 and its renewal in 1945, when the Republican party split and roughly half of its members supported the RTAA’s extension. We find no evidence of an ideological shift

among Republicans and little support for attributing an important role to foreign policy considerations. In contrast, we do find a distinct change in the pattern of influence of economic interests: Senate Republicans voting in 1934 were responsive only to import-competing interests, whereas those voting in 1945 were responsive to both import-competing and export-oriented interests. We then relate the increased sensitivity to export interests to exporters having greater incentives to organize under the RTAA. Section IV briefly describes the evolution of post-1945 legislation and discusses other issues related to our results. In the conclusion, we discuss the implications of our analysis for the forces shaping political outcomes more generally.

## **II. RTAA Politics and U.S. Trade Policymaking**

From the end of the Civil War through the Smoot-Hawley tariff of 1930, Congressional voting on the tariff followed a predictable pattern: Republicans supported high tariffs, while Democrats supported lower tariffs. Figure 2 depicts the degree of party cohesion in voting on major tariff legislation by the Senate, where party leadership is typically less strong (and hence strict party-line voting less frequent) than in the House.<sup>1</sup> In most instances, over 90 percent of Republicans voted in favor of high tariffs and against lower tariffs, while over 90 percent of Democrats voted the opposite way. The Republicans were politically dominant during much of this period, but partisanship was not the only reason that tariffs stood at roughly 40-50 percent in the decades prior to the RTAA. Schattschneider (1935) describes the legislative forum as ideal for log-rolling among special interests seeking high tariffs. Although the final House and Senate

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<sup>1</sup> Verdier (1994), Bailey, Goldstein, and Weingast (1997), and others have used similar charts to illustrate the changing partisan nature of Congressional voting on trade legislation.

votes on the Smoot-Hawley tariff were largely along partisan lines, for example, Irwin and Kroszner (1996) find that the numerous Senate floor votes on individual tariffs leading up to the final vote were marked by significant cross-party log-rolling.

The Democrats, who had been generally critical of the high import duties in the Republican Smoot-Hawley tariff, were swept into office in the 1932 election. Although there was little sentiment for a unilateral tariff reduction (such as a repeal of Smoot-Hawley) in the midst of the Great Depression, Democrats generally desired some form of tariff moderation and were concerned about the sharp rise in foreign tariffs on U.S. exports. As a result, President Roosevelt proposed the RTAA as an “emergency measure” in 1934 at the urging of Secretary of State Cordell Hull. The RTAA allowed the president to reduce U.S. tariffs by up to 50 percent in foreign trade agreements that would not require congressional approval. Schneitz (1994), Bailey, Goldstein, and Weingast (1997) and others have also argued that the Democrats, frustrated with the repeated Republican reversals of their earlier unilateral tariff reductions, opted for this institutional innovation (executive delegation and trade agreements) to make lower tariffs more politically durable. Congress delegated this authority to the executive branch for only three years, however, and subsequent renewals were for three years or less.<sup>2</sup>

Several key elements of the RTAA helped tip the political balance in favor of lower tariffs. First, the RTAA reduced access to legislative mechanisms that supported redistributive bargains and log-rolling coalitions which had led to high tariffs (Shepsle and Weingast 1994; Irwin and Kroszner 1996). Congress effectively gave up the ability to legislate duties on specific goods when it delegated tariff negotiating power to the executive. Congressional votes on trade policy

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<sup>2</sup> For additional background on trade policy during this period, see Irwin (1997).

were now framed simply in terms of whether or not (and under what circumstances) the RTAA should be continued, so vote trading among particular import-competing interests was no longer feasible.<sup>3</sup>

Second, the RTAA delegated authority and agenda-setting power to the executive who, with a broad-based constituency, was more likely to favor tariff moderation compared with the Congress. The national electoral base of the president is often thought to make the executive more likely to favor policies that could benefit the nation as a whole (such as free trade), whereas the narrower geographic representative structure of Congress would lead its members to have more parochial interests (Weingast, Shepsle and Johnson 1981). Furthermore, the President may be more likely than Congress to take into account the broader foreign policy ramifications of trade policy that affect the country as a whole (Haggard 1988).

Third, the RTAA reduced the threshold of political support needed for members of Congress to approve executive tariff-reduction agreements. The renewal of the RTAA required a simple majority in Congress, whereas prior to the RTAA any foreign trade treaty negotiated by the president had to be approved by two-thirds of the Senate. Tariff-reducing agreements thus needed only the support of the median legislator, not that in the sixty-seventh percentile (Bailey, Goldstein, and Weingast 1997). This meant that protectionist forces would have to muster greater support to block tariff-reduction agreements under the RTAA, by refusing to renew the

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<sup>3</sup> In arguing against the RTAA, Senator Walcott (R-CT) stated that “The practice of tariff logrolling, which has been decried here, at least gives opportunity for the duly elected representatives of the people of my own state and the other States to have a voice in the matter . . . . Connecticut is too highly industrialized to view other than with extreme perturbation the surrender of their rights under the Constitution to those who are selected, not those who are elected” (Congressional Record, May 25, 1934, p. 9567). See also Haggard (1988) and Pastor (1980).

legislation, than under a treaty, when a minority could veto it.<sup>4</sup>

Finally, the RTAA helped to bolster the bargaining and lobbying position of exporters in the political process. Previously, import-competing domestic producers were the main trade-related lobby groups on Capitol Hill since the benefits to these producers of high tariffs was relatively concentrated. Since an import duty is effectively equivalent to a tax on exports, exporters were harmed — but only indirectly — by high tariffs. The cost to exporters of any particular duty was relatively diffuse, and therefore exporters failed to organize an effective political opposition. The RTAA explicitly linked foreign tariff reductions that were beneficial to exporters to lower tariff protection for import-competing producers. By directly tying lower foreign tariffs to lower domestic tariffs (and upsetting the ability of import-competing producers to form logrolls), the RTAA may have fostered the development of exporters as an organized group opposing high tariffs and supporting international trade agreements (Hillman and Moser 1996). In addition, the reduced tariffs negotiated under the RTAA authority would tend to increase the size of the export sector and thereby enhance subsequent support for renewal.

These aspects of the RTAA may have reduced the costs (or increased the benefits) for free trade interests to organize and lobby relative to protectionist interests. The RTAA did not make free trade inevitable, however, because at any point Congress could have taken back the negotiating authority it granted. Sustaining the RTAA as an institutional change required the ongoing support of a majority in Congress. The RTAA was easily passed in 1934 because the

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<sup>4</sup> Most tariff treaties negotiated by the executive had been defeated in the Senate. Prior to the RTAA, Senator Walcott (R-CT) noted that “22 reciprocal tariff treaties were under consideration at one time or another in our history. Our own Congress refused to confirm 16 of these.” (Congressional Record, May 25, 1934, p. 9571).



Democrats had large majorities in both chambers of Congress at the time. As long as those majorities were maintained, the RTAA could be easily renewed.

Republicans, however, bitterly opposed the RTAA. Just two of 101 House Republicans (2 percent) and just six of 36 Senate Republicans (17 percent) favored passing the measure in 1934 (see Table 1). Republicans argued that the legislation was an unconstitutional delegation of taxation powers to the president and claimed that lower tariffs would add to the severity of the Great Depression. The Republican platform of 1936 vowed to “repeal the present reciprocal trade agreement law,” deeming it “destructive” for “flooding our markets with foreign commodities” and “dangerous” for entailing secret executive negotiations without legislative approval (Isaacs 1948, p. 258). In 1937 the Democratic majority in Congress renewed the legislation for another three years. Just three of 84 (4 percent) House Republicans supported the extension, while not a single Senate Republican endorsed the measure.

In their election platform of 1940, the Republicans softened their rhetoric on the RTAA, still condemning it but no longer explicitly calling for repeal.<sup>5</sup> Nonetheless, they still voted overwhelmingly against the 1940 renewal, with 96 percent of House Republicans and every Senate Republican voting against it. Because the trade agreements program was effectively on hold until after the war, the proposed two-year extension of the RTAA in 1943 was not controversial, and in a show of wartime unity the renewal passed with even Republican support.<sup>6</sup>

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<sup>5</sup> The 1940 platform read: “We condemn the manner in which the so-called reciprocal trade agreements of the New Deal have been put into effect without adequate hearings, with undue haste, without proper consideration of our domestic producers, and without Congressional approval” (Isaacs 1948, p. 267).

<sup>6</sup> As Isaacs (1948, p. 273) put it, “Its passage was not seriously opposed by the Republicans. Their leaders felt that no change in the tariff during the war would be helpful and that no attack on it would get very far.”

The Republican platform of 1944 revealed a further shift towards accepting the RTAA and the tariff reductions negotiated by the president. The Republicans would support the “removal of unnecessary and destructive barriers to international trade,” but qualified this position by saying that they also wanted to “maintain [a] fair protective tariff . . . so that the standard of living of our people shall not be impaired.” Furthermore, the tariff should be modified “only by reciprocal bilateral trade agreements approved by Congress,” apparently indicating an acceptance of the idea of reciprocity, but not of unconstrained delegation of authority to the President (Issacs 1948, pp. 274-5).

The biggest challenge facing the RTAA was its postwar survival. The president’s negotiating authority, necessary to complete the ambitious postwar plans for the multilateral liberalization of commercial policies, expired in mid-1945. In addition, the Roosevelt Administration sought the authority to reduce tariffs up to another 50 percent from their 1945 levels over the next three years because the 50 percent maximum reduction in tariffs specified in the original 1934 act already had been made on most dutiable imports. At this critical juncture, 15 of 35 (43 percent) of the Republicans in the Senate broke with their protectionist past and voted in favor of renewal in 1945 (see Table 1). After the Republicans took control of Congress following the 1946 election, they continued to support the RTAA (as we will discuss below), thereby ensuring bipartisan support for trade liberalization and U.S. participation in the GATT negotiations.

### **III. Comparing Senate Voting Patterns on RTAA in 1934 and its Renewal in 1945**

#### *A. Hypotheses and Data*

This section explores several contending explanations for the dramatic shift in the Republican position on trade policy by analyzing the Senate passage of the RTAA in 1934 and renewal in 1945. Despite the importance attributed to the RTAA, we know of no papers that analyze the Congressional vote on its passage in 1934 or compare it to subsequent votes.<sup>7</sup> We believe that the 1945 Senate vote is key to understanding the development of bipartisan support for the RTAA. Unlike the 1937 and 1940 votes in which no Senate Republican favored renewal, the Republican split on the issue in 1945 provides the necessary variation in the data to identify how changes in such factors as ideology and economic interests may have affected members of the two parties differently. The Republican split in the 1945 Senate vote subsequently manifest itself in the House vote in 1948 and especially 1949, as will be discussed in section IV. In contrast to previous renewals, the 1945 legislation involved new authority to reduce tariffs by another 50 percent from current levels. Unlike later renewal votes, the 1945 bill did not introduce any potential constraints on the executive's authority or concessions to protectionist forces. The 1945 renewal thus is a clean vote for investigating the factors leading to the Republican support of trade liberalization.

A common explanation for the bipartisan support for the RTAA after World War II is in

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<sup>7</sup> Other recent empirical papers that address Congressional voting on trade issues around this period of time include Irwin and Kroszner (1996) on the Smoot-Hawley tariff, Bailey, Goldstein, and Weinstein (1997) on the RTAA renewal in 1953 and the Trade Expansion Act of 1962, and Srinivansan (1997) on the Trade Expansion Act of 1962 and Trade Act of 1974.

terms of an “ideological” shift toward free trade.<sup>8</sup> The notion that ideas and ideology explain the Republican shift on trade policy during this period comes in different versions. One perspective on ideological change is that Congressmen adopted a more pro-trade stance because the association of the Smoot-Hawley tariff with the Great Depression and the collapse of trade in the early 1930s taught them a “lesson” about the adverse consequences of high tariffs.<sup>9</sup> Schnietz (1994) casts serious doubt on this view by showing that virtually no member of Congress who voted for Smoot-Hawley and was still in Congress four years later then voted in favor of the RTAA. As already discussed, Republicans continued to support high tariffs throughout the 1930s by voting overwhelmingly against the RTAA and its subsequent renewals. While such a “lesson” was apparently lost on these Republicans for about a decade, Goldstein (1988, pp. 182-183) argues that it may take time to develop “liberal beliefs about trade policy” of an “ideological character” that would then lead to an “entrenchment of liberal doctrine.”

Although descriptions of how ideological change comes about are rather vague, the different versions share the same potentially testable implication that Republicans became more “liberal” on trade issues. While there is some controversy about the measurement of ideology, the two most common proxies are interest group rating scores, such as the Americans for Democratic Action (ADA) index which ranges from 0 (conservative) to 100 (liberal), and the Poole and Rosenthal (1997) “D-Nominate” spatial mapping of legislators onto a “left-right” political

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<sup>8</sup> According to Pastor (1983, p. 184), the “most important” reason for the survival of the RTAA-system has been that “since 1934 the principle of free trade, not the principle of protection, has been the reigning ideology of trade policy in the country.”

<sup>9</sup> As Pastor (1983, p. 161) put it, “the Smoot-Hawley Tariff Act of 1930 is to commerce what the Munich agreement of 1938 is to peace. . . . they remain indelibly imprinted on the consciousness of the world as historical errors of such magnitude that every generation of leaders has pledged to avoid repeating them.”

spectrum ranging from -1 to 1 based on their voting records.<sup>10</sup> We use D-Nominate as our measure of ideology because the ADA only began to calculate scores with the 80<sup>th</sup> Congress (1947-49), just after the RTAA renewal vote we examine.<sup>11</sup> An advantage of D-Nominate over ADA ratings is that ADA ratings is generally not comparable over time whereas D-Nominate is constructed to be comparable over time (see Groseclose, Levitt, and Snyder 1996). This characteristic is important since we wish to examine the influence of ideological changes over time.

A second explanation focuses on changes in the relative strength of trade-related economic interests as the key force in breaking down the Republican opposition to the RTAA. Immediately after the war, Baldwin (1984, pp. 8-9) notes, the United States ran “an export surplus in every major industrial group (e.g. machinery, vehicles, chemicals, textiles, and miscellaneous manufactures) except metals” and “favorable export opportunities . . . helped to build support for liberal trade policies on the part of those sectors whose international competitive position was strong.” U.S. trade, particularly exports to war ravaged Europe, increased sharply after World War II from its pre-war level: during 1937-39, exports were on average 3.6 percent of GNP and imports 2.7 percent, but during 1945-47 exports were on average 5.4 percent of GNP and imports 2.2 percent (U.S. Bureau of the Census 1975, series U201-2). Furthermore, as

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<sup>10</sup> See, for example, Bender and Lott (1996) and Heckman and Snyder (1997). Heckman and Snyder criticize D-Nominate because it does not separate the estimation of preference parameters from the estimation of the attributes of the legislation. They argue that several dimensions are required to explain voting data, but their critique loses some of its force when they note that the first two dimensions explain most of the variance in voting data, are closely related to party and region, and are highly correlated with the D-Nominate measures.

<sup>11</sup> The correlation of ADA scores and the D-Nominate variable for the Senate of the 80<sup>th</sup> Congress is -0.82, so the two measures provide similar a classification of legislators.

previously discussed, the RTAA's structure itself may have enhanced the political effectiveness of exporters relative to importers, and thereby increased the incentive for export interests to organize and lobby for negotiated trade agreements. The growth of export interests, both in terms of economic size and lobbying effectiveness, may therefore have put sufficient pressure on the Republicans to change their long-standing support for protectionism.<sup>12</sup>

Our proxies for constituent trade-related economic interests measure the relative importance of exports and imports in production for each state. To construct these variables, we gather state-level data on the sectoral composition of economic activity and match these to national data on exports and imports in these sectors. Specifically, we first collect data on "tradeable" output produced in each state, i.e., output in agriculture, mining, and manufacturing, which is disaggregated into 14 industries. Each sector's share in total state tradeable output then is weighted by the ratio of total U.S. exports and imports to national output in that sector. The resulting variables thus are export- and import-weighted shares of a state's traded goods production.<sup>13</sup> We use state-level data on agriculture and mining income from the Bureau of Economic Analysis and Census of Manufactures data on value-added by industry in each state, using the Census data closest to our Senate votes: 1935 data for the 1934 vote and 1947 data for the 1945 vote. Lechter (1970) provides the commodity composition of U.S. exports and imports in these sectoral categories. The data appendix describes the variable construction and sources in more detail.

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<sup>12</sup> See also the revisionist interpretations of the role of business interests in Gardiner (1964) and Wilson (1971).

<sup>13</sup> Bailey, Goldstein, and Weingast (1997) use a similar measure, whereas Srinivasan (1997) uses an employment-based measure of constituent trade interests.

Finally, a third hypothesis is that the primacy of foreign policy goals in the aftermath of World War II necessitated support for open trade policies as an important tool in rebuilding Western Europe and containing communist expansion. Baldwin (1988, p. 51), for example, writes that “Republican Senators who voted for the legislation fashioned by Democrats [in 1945] did so mainly on the basis of the foreign-policy arguments for trade liberalization.”<sup>14</sup> Bailey (1997) argues that the link between trade and internationalist anti-communism increased support for trade liberalization in the early Cold War period and examines how security preferences influenced congressional trade votes in the 1950s and early 1960s. We assess the importance of this hypothesis by examining the relationship between the RTAA renewal vote and two key foreign-policy-related votes — on the Bretton Woods agreement and the British loan — in the 1945-46 session of Congress.

### *B. Results*

Before presenting the probit model of Senators’ voting pattern based on the variables described above, we first examine how the unconditional means of the ideology and economic interest variables changed over time for members of the two parties. The first two columns of Table 2 show that the D-Nominate measure of ideology is nearly constant for the Republicans and the Democrats between 1934 and 1945, so by this measure there is no general ideological shift by either party during this period. We then examine the Republicans in more detail. The six continuing Republicans (those who were in the Senate in both 1934 and 1945) are marginally, but

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<sup>14</sup> Nelson (1989, p. 94) suggests that the RTAA’s survival reflected “a changed perception of the foreign policy role of trade policy by the executive, and changed power of the executive over foreign policy vis-a-vis Congress.” Verdier (1994, pp. 204-6) argues that “openness was justified by security needs” and that “economic isolationism was discredited.”

not statistically significantly, more “liberal” than the average Republican.<sup>15</sup> New Republican Senators (those holding office in 1945 but not in 1934) have ideology measures virtually identical to the 1934 Republicans. The six Republicans who voted for the RTAA in 1934 are much closer to the average Democrat than Republican in terms of their ideology score, but one can reject at the one percent level both the hypothesis that their ideology is the same as other Republicans and that it is the same as the average Democrat. While the Republicans favoring renewal in 1945 are still statistically significantly more liberal than Republicans opposing renewal, they are not statistically significantly different from the average Republican. Thus, by 1945 it is no longer a handful of ideological outliers among the Republicans who support the RTAA.

The next four columns of Table 2 then compare the export and import variables for the Republican and Democratic constituencies in 1935 and 1947 (recalling that these are the closest years to the Senate votes in which Census of Manufactures data is available). In 1935, average export and import shares are identical for both Republican and Democratic Senators at roughly 8 percent of state tradeable output. By 1947, exports as a share of tradables have risen sharply for both groups — to 15.9 percent for the Republicans and 15.0 percent for the Democrats. In contrast to the changes in exports, the Democrats experience only a slight fall in imports in their states but the Republicans experience a large and statistically significant decline in imports. When we examine the Republicans in more detail, we find that the continuing and new Republicans have export shares of their constituencies that are almost identical to the rest of the Republicans. In both 1934 and 1945, the Republicans who voted for the RTAA or its renewal had more exports,

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<sup>15</sup> Four of the six continuing Republicans voted on both pieces of legislation: two voted for the 1934 passage but against the 1945 extension, one voted against both, and one voted against the 1934 passage but for the 1945 extension.



though not statistically significantly more, and statistically significantly fewer imports than the Republicans who voted against. On balance, the constituencies of Republicans are becoming much more net export oriented relative to the Democrats' constituencies, and those Republicans voting in favor of RTAA or its renewal tend to come from more export-oriented states than other Republicans.

We also divide the country into four regions — North, South, Midwest, and West — to examine regional changes in party representation and economic interests between 1934 and 1945.<sup>16</sup> The first three sets of columns in Table 3 show the degree of regional support for the RTAA, the share of Republicans representing the region in the Senate, and the fraction of those Republicans voting in favor of the RTAA. In both the South and West, the fraction of Senators voting for RTAA in 1934 and renewal in 1945 is nearly constant. The South has virtually no Republican Senators and the Democrats strongly support the RTAA in both periods. The number of Republican Senators from the West is precisely the same in the two periods but in 1945, unlike in 1934, a few of them now support RTAA.

In the Midwest and North, there are larger changes over time in both party representation and voting. The Midwest increases the number of Republicans it sends to the Senate and has fewer Senators voting for the RTAA in 1945 than in 1934. The propensity of Midwest Republicans to vote for the RTAA, however, was virtually unchanged: six of 14 Midwest Republicans voted for the RTAA in 1934 (the only Republicans anywhere to do so), and eight of 20 Midwest Republicans voted for the renewal in 1945. The North decreases the number of

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<sup>16</sup> Watson (1956) observes a growing regional pattern of voting on trade legislation in the late 1940s and early 1950s.

Republicans it sent to the Senate between 1934 and 1945, but the propensity of those Republicans to support the RTAA increases dramatically. In 1934, not a single of the 15 Northern Republicans favored the RTAA; in 1945, six of 9 Northern Republicans do so.

This suggests that the Republican split on trade policy in 1945 was driven largely by a swing of Northern Republicans behind the RTAA. The next two sets of columns help to determine whether changes in economic interests in the regions are related to these voting patterns. All four regions begin with similar proportions of exports to tradables and see them nearly double from 1935 to 1947, with export growth in the West lagging slightly behind the other regions. The regions have greater heterogeneity in their import shares, both in initial positions and changes over time. In 1935, the Midwest had the lowest import share and the North had the highest. The relatively high net export position in the Midwest thus might account for the high proportion of Republican defections from the protectionist party line in 1934, and the relatively high net import position in the North might account for their having the largest share of Republican representation and the lowest fraction of Senators favoring RTAA passage at this time.

Over the next decade, the North experiences a sharp decline in imports, falling by roughly half, whereas the other regions have much more modest changes. The increase in the size of export interests thus is greatest in the North, both absolutely and relative to imports, and this region shows the greatest increase in Senators voting for renewal and in the proportion of Republican supporting renewal. With respect to trade issues, regional changes in voting patterns appear to be directly related to changes in the underlying economic interests of the constituents of

the different regions.<sup>17</sup>

To examine the voting patterns more systematically, we employ a probit voting model to explain the Senate votes on the 1934 RTAA and the 1945 renewal. Table 4 contains the estimated marginal effects from various econometric specifications in which the dependent variable is one for a vote in favor of RTAA and zero for a vote against.<sup>18</sup> The marginal effect is the slope of the probability function evaluated at the means of all variables for an infinitesimal change in the independent variables.<sup>19</sup> The robust standard errors for the underlying coefficients assume that the errors are independent across states but not between Senators from the same state. Columns (1) and (4) use the Senator's party as the only explanatory variable, where party is one if the Senator is a Democrat and is zero if the Senator is a Republican. As expected, Democrats are more likely to support the measures than are the Republicans, but the effect is much smaller in 1945 than 1934. Columns (2) and (5) add variables for ideology and export and import shares. The marginal effect of the ideology variable is negative and statistically significant

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<sup>17</sup> We also examine changes in Northern Senators' ideology over time. The mean value of Northern Republican's ideological score in 1945 was 0.29, slightly more liberal than all other Republicans whose score was 0.38; a formal t-test suggests that we cannot reject the hypothesis of equal means. In 1934, however, Northern Republicans had a mean ideology score of 0.63, significantly more conservative than others. Northern Republicans clearly became more liberal over time, although much of this shift had occurred by 1940 (when their mean score was 0.40) when none of them voted in favor of renewing the RTAA. Still, there was a statistically significant ideological gap in 1945 between Northern Republicans who voted in favor of the RTAA renewal (0.19) and Northern Republicans voting against it (0.43). No statistically significant gap appears in the mean ideology score among Midwest Republicans voting on the RTAA in 1945. Those voting against the RTAA had mean ideology score of 0.41, while those voting in favor had a mean score of 0.38.

<sup>18</sup> The votes are taken from the Congressional Record, June 4, 1934, p. 10395, and June 20, 1945, p. 6364, and include all announced pairs.

<sup>19</sup> For indicator variables, the coefficient represents the change in the probability associated with a discrete increase in the variable from zero to one.

in both years, indicating that — holding party constant — more “liberal” Senators are more likely to support the RTAA. In contrast, the economic interest variables are statistically insignificant and each estimated effect is less than its standard error.<sup>20</sup>

While this result might suggest that ideology alone is influencing the Senators’ votes on trade issues, the specifications in columns (2) and (5) impose the restriction that the effects of economic interests are the same for members of both parties.<sup>21</sup> Columns (3) and (6) relax this assumption by interacting party affiliation with the export and import shares. Since the party affiliation variable equals one for Democrats, the estimate reported on the export variable is the marginal effect of exports on the Republicans’ vote, and the sum of this coefficient and the coefficient on the interaction term is the effect of exports on the Democrats’ vote. In 1934, exports have small and statistically insignificant effects on both the Republicans and the Democrats. Imports have moderate and statistically significant negative effect on the Republicans, but an insignificant effect on the Democrats.

In 1945, however, Republicans have become dramatically more responsive to export interests. The marginal effect of export share on Republicans’ votes is an order of magnitude

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<sup>20</sup> Party and ideology are highly correlated, with a correlation coefficient of -0.80 in 1934 and -0.82 in 1945, but none of the findings we report below regarding economic interests are affected if we omit ideology and simply use party affiliation. Poole and Rosenthal (1997) also have estimates of a second dimension of legislator preferences, but it is statistically insignificant in our regressions and its inclusion or omission does not change our findings. We also included indicator variables representing the geographical regions discussed earlier and this did not affect the results.

<sup>21</sup> Because our proxies for economic interests may not be measured as precisely as the ideology proxy and ideology may to some extent be a product of constituency economic interests, caution should be exercised in interpreting the results in this way (e.g., Bender and Lott 1996). We also purged ideology of its correlation with our economic interest variables by regressing it on export and import interests, manufacturing as share of state income, urbanization, state income, state per capita income, regional indicator variables and used the residual as a measure of ideology. This residual measure of ideology made virtually no difference to our results and so we report only the unpurged results.

larger than in 1934 and is now statistically significant. This coefficient in 1945 implies that a one standard deviation increase in export share from the mean raises the likelihood of a Republican Senator favoring renewal by 48 percent. Import shares have a slightly greater effect on Republicans' votes in 1945 than 1934. Export interests therefore appear to have increased their influence on Republicans, but not Democrats, between the two periods.

Table 5 pools the 1934 and 1945 votes and includes an intercept and interaction for the year of the vote (year is zero for 1934 and one for 1945). By interacting the year indicator with the other variables, we can directly test for a change in the impact of ideology and economic interests on voting patterns. The interaction of ideology with year is not statistically significant, indicating no change in the relationship between ideology and voting between these periods. The interaction of exports with year, however, is statistically significant and indicates a dramatic increase in the sensitivity of Republicans to export interests. The results in Table 5 corroborate our findings for Table 4: while both ideological factors and economic interests influence voting patterns, the key change driving the Republicans toward freer trade is not in the realm of ideology but in the role of economic interests.

As we discussed above, by formally linking foreign and domestic tariff reductions and by reducing the feasibility of log-rolling coalitions among import-competing interests, the RTAA is likely to have increased the incentive for export interests to organize and lobby. This change could account for the heightened Republican sensitivity to a given level of constituent's export interests. While we cannot test directly whether the institutional innovation caused the heightened responsiveness, we can explore its plausibility with anecdotal evidence on which groups chose to testify before Congress on the RTAA in 1934 and 1945. In both periods, the number of interest

groups testifying in opposition to the reciprocal trade agreements program (mainly associations representing relatively small industries, such as lumber, shoes, wool, etc.) exceeded those in favor, but the number testifying in favor does rise. Prominent among those in favor of the RTAA in 1945 were large labor unions from the Congress of Industrial Organizations, which insisted that American workers would benefit from greater exports to economically devastated Europe. In the 1948 and 1949 renewals, even more manufacturing and labor groups testified in favor of the RTAA. The lobbying effort of export interests, without a major change in the participation of the opposing import-competing interests, appears to have increased significantly between the two periods.

Finally, we consider the potential impact of foreign policy considerations, independent of ideology, on the Republican conversion. The timing of the June 1945 vote casts some doubt on the foreign policy hypothesis because it occurs just weeks after V-E Day and before V-J Day, well before the Cold War tensions with the Soviet Union had emerged. Also, most of the important Cold War votes came in subsequent Congresses, e.g., the vote on aid to Greece and Turkey and the Marshall Plan in 1948. Nonetheless, we investigate the linkage between voting on the RTAA and on two key issues in this Congress that might differentiate “internationalists” from “isolationists” in the Republican party: the Bretton Woods Agreement Act (July 19, 1945) and the Loan to Great Britain (May 10, 1946).<sup>22</sup>

To examine whether foreign policy considerations motivated the Republican switch on

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<sup>22</sup> The vote on the United Nations Participation Act (December 20, 1945) also is relevant, but it was nearly unanimous and therefore the vote has too little variation to provide a useful comparison. The Republicans split over the Bretton Woods Agreement (19 of 33, or 58 percent, in favor) and the British Loan (17 of 35, or 49 percent, in favor).

trade policy, we cannot simply include the Bretton Woods and British loan votes in a probit regression predicting the Senate RTAA vote. A vote for the agreement or the loan is not independent of ideology or economic interests and including it in the RTAA regression would subject it to simultaneous equations bias, since the factors which predict RTAA support (ideology, party, economic interests) also predict support for those foreign policy initiatives. To avoid this problem, we employ a two-step procedure in which we first estimate the determinants of the foreign policy votes and then use the predicted foreign policy votes in the RTAA regression.<sup>23</sup> Columns (7) and (8) of Table 4 show that the marginal effects of these votes are positive; however, the Bretton Woods vote is statistically insignificant and the British Loan vote is just statistically significant at the 10 percent level. None of the coefficients or standard errors on the other variables is affected by including these votes. These results provide only weak evidence that foreign policy considerations played a role in the Republican conversion.

#### **IV. Postwar Bipartisan Support for Trade Liberalization**

In the 1946 election, the Republicans won control of Congress but did not dismantle the trade agreements program. Although they debated whether to introduce limiting conditions on potential tariff reductions, they did not stop the international negotiations which were to bring about the GATT.<sup>24</sup> In their 1948 platform the Republicans stated: "At all times safeguarding our own industry and agriculture, and under efficient administrative procedures for the legitimate

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<sup>23</sup> In addition to ideology, party, export and import interests, the other instruments were urbanization, regional indicators, share of manufacturing in state income, total state income, and per capita state income.

<sup>24</sup> For a description of the debate, see Irwin (1997).

consideration of domestic needs, we shall support the system of reciprocal trade” (Bauer, de Sola Pool, and Dexter 1963, p. 26). Support for the RTAA structure now became an official part of the Republican position on trade.

In 1948, the Republican Congress renewed the RTAA with 98 percent of Republicans in the House and in the Senate voting in favor. The renewal, however, was for just one year and introduced a “peril point” provision, which required the U.S. Tariff Commission to calculate the protection necessary to prevent serious injury to domestic producers but did not require the president to act on this information.<sup>25</sup> When the Democrats regained control of Congress in 1949, they repealed that extension and enacted a new (retroactive) three-year extension of negotiating authority without a peril point provision. The 1949 extension had the support of 84 of 147 (57 percent) of House Republicans and 15 of 33 (45 percent) of Senate Republicans.

The 1948 and 1949 votes made it clear that half of all Republicans in both the House and the Senate would favor a three year extension without exceptions or concessions to import-competing interests, while the other half would vote for a reciprocal trade agreements program which included the peril point reporting requirement. In 1951, a Democratic Congress extended RTAA authority for two years, but accepted the Republican idea of peril points and required the U.S. Tariff Commission to investigate injury complaints caused by concessions in trade agreements. This vote was largely bipartisan: both parties endorsed the principle of executive leadership on trade policy by continuing to extend presidential negotiating authority, although now with explicit safeguards for domestic import-competing producers.

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<sup>25</sup> The President simply had to provide Congress with an explanation if tariffs were cut below this level but was not limited in his negotiating authority by it. Democrats opposed this provision but wanted the RTAA renewed. Democrats generally opposed the measure in the House, but were split in the Senate.



Bailey, Goldstein, and Weingast (1997) examine several House votes at the time of the RTAA renewal in 1953 and the passage of the Trade Expansion Act of 1962. Controlling for party and ideology, they find that exports had a positive and statistically significant effect on the probability of voting for trade liberalization (particularly among Republicans), and the change in imports had a negative and statistically significant effect. Although by the early 1950s the bipartisan nature of voting was already well established, they demonstrate that export and import interests continued to influence Congressional voting patterns into the postwar period. Srinivasan (1997) examines voting on the 1962 act and the Trade Act of 1974 and finds that, controlling for party and ideology (ADA ratings), export and import interests (measured in terms of trade-related employment) were more important in explaining the 1974 vote than the 1962 vote. The economic interests that we have identified as crucial to the Republican abandonment of protectionism in the 1940s thus continued to be important for maintaining the bipartisan support for reducing trade barriers in the postwar period.

## **V. Conclusions**

Schattschneider (1935, p. 283) ended his study of congressional politics of the Smoot-Hawley tariff by despondently noting, “a survey of the pressure politics of the revision of 1929-30 shows no significant concentration of forces able to reverse the policy and bring about a return to a system of low tariffs or free trade.” Yet four years later Congress passed the Reciprocal Trade Agreements Act that resulted in tariff rates being cut in half over the next decade and provided for continuing trade liberalization throughout the postwar period. To understand why this dramatic institutional and policy change was sustained, this paper focuses on why the traditionally

protectionist Republican party switched its position to side with the Democrats in supporting lower trade barriers beginning with the renewal of the RTAA in 1945.

We argue that changes in the sizes of competing economic interests and changes in the effectiveness of those interests due to the RTAA provide the keys to understanding both the transformation of the Republican position and the persistence of trade liberalization in the postwar era. While both of these changes may have been necessary to sustain liberalization, neither one appears to be sufficient to achieve this end. Growth in the size of the export interests which occurred during and after World War II clearly increased the relative influence of export interests. Yet a similar growth of exports, both absolutely and relative to imports, also occurred during and after World War I, but this did not generate bipartisan support for lower tariffs.<sup>26</sup> Instead, it was followed by the Republican enactment of the protectionist Fordney-McCumber tariff of 1922. Without an institutional mechanism such as the RTAA for activating export interests, the simple growth in the size of export interests did not bring about a basic change in policy outcomes.<sup>27</sup>

Similarly, the institutional structure of the RTAA alone was not sufficient to cause the Republicans to change their position and thereby provide durable support for trade liberalization. The RTAA was passed in 1934 over the objections of the Republicans, but by the 1940 renewal they were no closer to supporting it than they had been six years earlier. Having a mechanism in

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<sup>26</sup> During 1911-13, exports were on average 5.8 percent of GNP and imports 4.3 percent, but during 1918-20 exports were on average 9.6 percent of GNP and imports 5.1 percent (U.S. Bureau of the Census 1975, series U201-2).

<sup>27</sup> For this reason, in 1916 Cordell Hull, the architect of the RTAA but then a young Congressman from Tennessee, proposed that the United States convene a world trade conference at the end of World War I to reach agreements that would promote friendly trade relations among nations (Hull 1948). President Wilson had envisioned the League of Nations as providing an institutional forum that would promote trade liberalization but failed to win congressional support for U.S. participation in the League.

place to facilitate the organization and lobbying of exporters in favor of trade liberalization was itself apparently insufficient to institutionalize the RTAA until export interests grew larger. The expansion of exports coincides with World War II, at which point Republicans began to cross the aisle in support of the RTAA and trade liberalization.

While an ideological commitment to low tariffs may explain the Democrats long-standing anti-protectionist stance, we did not find evidence of an ideological change or foreign policy considerations leading to the transformation of the Republican position on this issue.<sup>28</sup> We find a role for institutions influencing the effectiveness of interest groups, so the incentives associated with different decision-making structures can affect policy outcomes (e.g., Alston, Eggerston, and North 1996; Williamson 1985). Institutional innovation can be interpreted as technological change that alters the costs of participation and the relative strength of interest groups competing to influence policy (Kroszner and Stratmann 1997). Our results suggest that a framework for analyzing important and lasting policy changes should take into account both the incentive structure of policy-making institutions and the nature of underlying economic interests.

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<sup>28</sup> The classic references in the debate over the roles of ideology and economic interests are Peltzman (1984) and Kalt and Zupan (1984). See Bender and Lott (1996) and Poole and Rosenthal (1996) for overviews of the subsequent literature that reach quite different conclusions.

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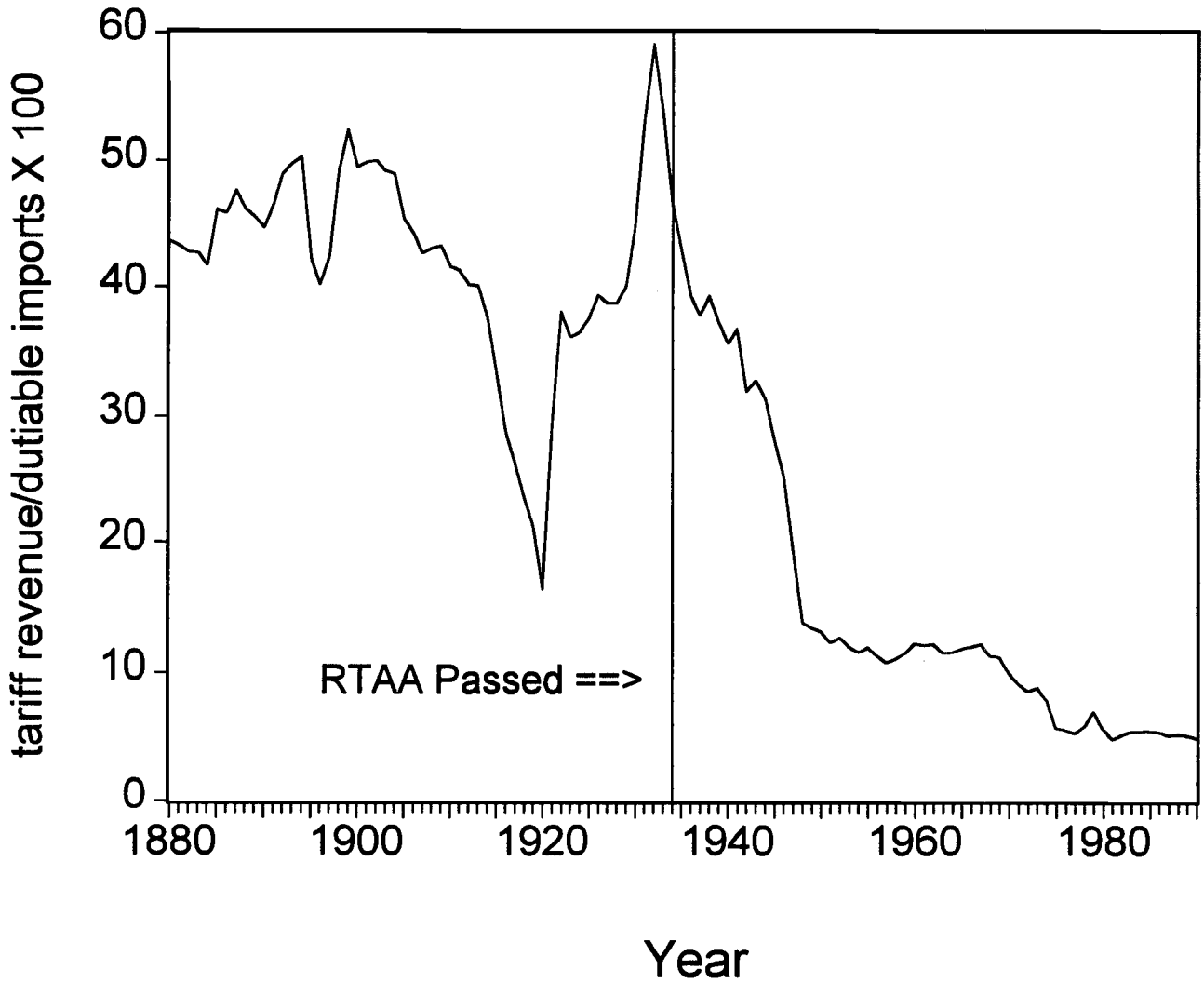
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Figure 1

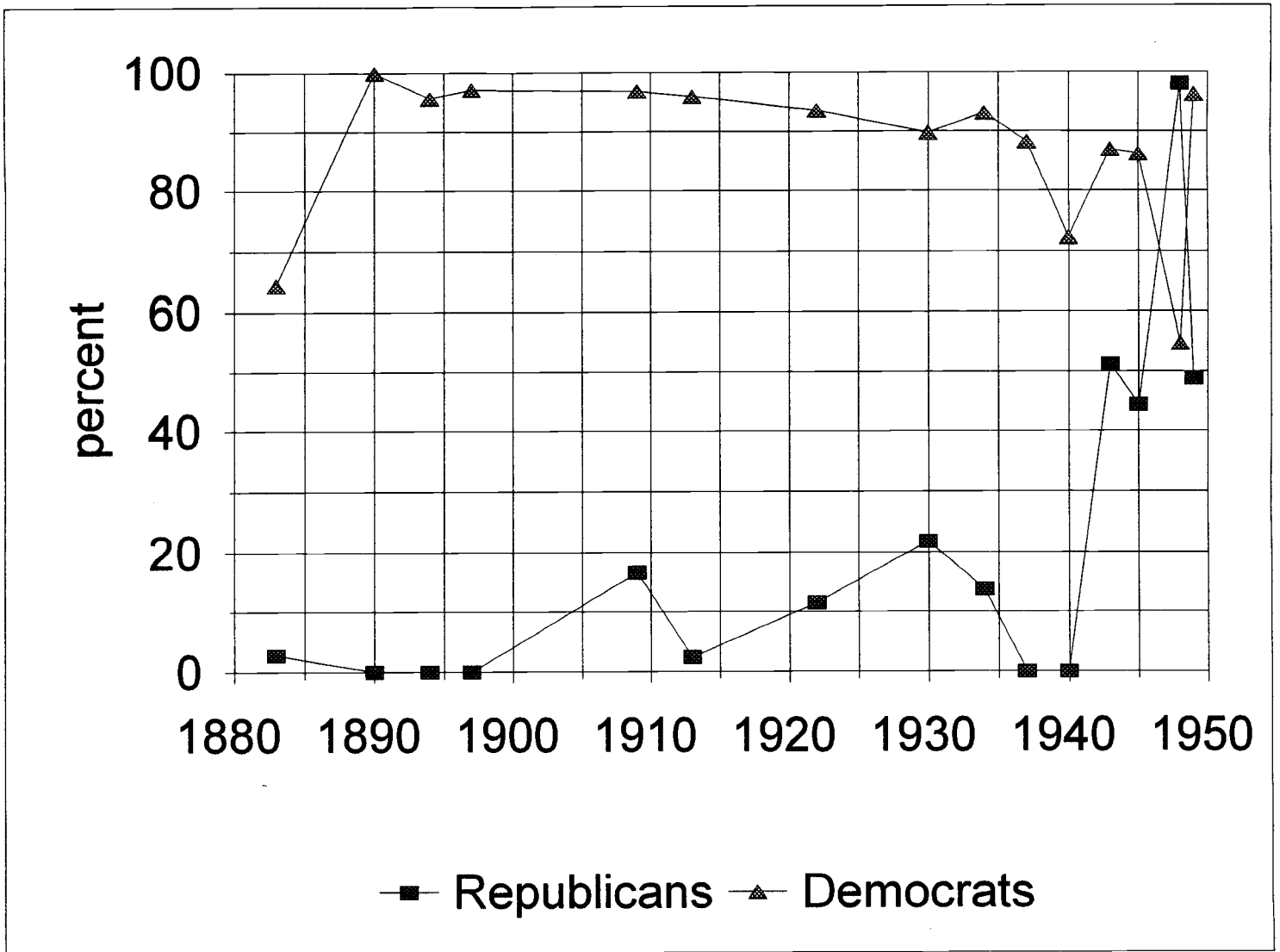
Average U.S. Import Tariff Rate,  
1880 to 1990.



Source: U.S. Bureau of the Census (1975), series U 212, and Statistical Abstract of the United States (various issues).

Figure 2

Senate Voting on Trade Legislation:  
Percent Favoring Lower Tariffs or Opposing Higher Tariffs, by Party,  
1883 to 1949.



Source: Congressional Record, various volumes.



**Table 1: Senate Votes on the RTAA Passage in 1934 and RTAA Renewal in 1945, by Party.**

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	<i>RTAA Vote, June 4, 1934</i>			<i>RTAA Renewal Vote, June 20, 1945</i>		
	<u>Yea</u>	<u>Nay</u>	<u>Total</u>	<u>Yea</u>	<u>Nay</u>	<u>Total</u>
Democrats	53 (91%)	5 (9%)	58 (62%)	45 (87%)	7 (13%)	52 (60%)
Republicans	6 (17%)	30 (83%)	36 (38%)	15 (43%)	20 (57%)	35 (40%)
Total	59 (63%)	35 (37%)	94 (100%)	60 (69%)	27 (31%)	87 (100%)

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Note: The percentages in the Yea and Nay columns represent the percent of Democrats, Republicans, and all Senators who voted for or against the legislation, including announced pairs. The percentages in the Total columns represent the percent of Democrats and Republicans in the Senate who voted (or were paired) on the legislation.

Source: Congressional Record, June 4, 1934, p. 10395 and June 20, 1945, p. 6364.

**Table 2: Means (Standard Deviations) of Ideology and Constituent Economic Interests, by Party.**

	<i>Ideology</i>		<i>State Export Share</i>		<i>State Import Share</i>	
	<u>1934</u>	<u>1945</u>	<u>1935</u>	<u>1947</u>	<u>1935</u>	<u>1947</u>
Democrats <i>N=60 in 1934</i> <i>N=56 in 1945</i>	-0.33 (0.16)	-0.30 (0.24)	0.082 (0.016)	0.150 (0.024)	0.079 (0.016)	0.075 (0.033)
Republicans <i>N=36 in 1934</i> <i>N=40 in 1945</i>	0.37 (0.37)	0.36 (0.20)	0.082 (0.020)	0.159 (0.023)	0.079 (0.024)	0.059 (0.021)
Continuing Republicans <i>N=6 in 1945</i>	--	0.23 (0.09)	--	0.171 (0.028)	--	0.055 (0.017)
New Republicans <i>N=34 in 1945</i>	--	0.38 (0.21)	--	0.157 (0.022)	--	0.060 (0.022)
Republicans Voting For <i>N=6 in 1934</i> <i>N=15 in 1945</i>	-0.14 (0.20)	0.27 (0.20)	0.092 (0.010)	0.163 (0.021)	0.063 (0.013)	0.052 (0.011)
Republicans Voting Against <i>N=30 in 1934</i> <i>N=20 in 1945</i>	0.47 (0.30)	0.43 (0.20)	0.080 (0.021)	0.154 (0.021)	0.083 (0.025)	0.068 (0.024)

**Table 3: Voting on RTAA and Renewal (1934 and 1945) and Economic Interests, by Region.**

<i>Region</i>	<i>Fraction of Vote For RTAA and Renewal</i>		<i>Fraction of Republican Senators</i>		<i>Fraction of Republicans For RTAA and Renewal</i>		<i>Mean State Export Shares (standard deviation)</i>		<i>Mean State Import Shares (standard deviation)</i>	
	<i>1934</i>	<i>1945</i>	<i>1934</i>	<i>1945</i>	<i>1934</i>	<i>1945</i>	<i>1935</i>	<i>1947</i>	<i>1935</i>	<i>1947</i>
North <i>N=22</i>	0.32	0.75	0.68	0.50	0.00	0.67	0.075 (0.009)	0.160 (0.016)	0.094 (0.017)	0.048 (0.015)
South <i>N=28</i>	0.85	0.89	0.04	0.07	0.00	0.00	0.083 (0.012)	0.153 (0.025)	0.084 (0.013)	0.091 (0.035)
Midwest <i>N=24</i>	0.67	0.48	0.58	0.88	0.43	0.40	0.084 (0.027)	0.164 (0.019)	0.061 (0.021)	0.055 (0.015)
West <i>N=22</i>	0.62	0.61	0.27	0.27	0.00	0.25	0.086 (0.014)	0.137 (0.026)	0.079 (0.007)	0.074 (0.024)

Note: The regions are defined as follows. North includes Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland. The South includes Virginia, North Carolina, South Carolina, Georgia, Florida, Mississippi, Alabama, Texas, Tennessee, Kentucky, Arkansas, and Louisiana. The Midwest includes Ohio, Michigan, Indiana, Illinois, Iowa, Wisconsin, Minnesota, North Dakota, South Dakota, Nebraska, Missouri, Kansas. The West includes Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Idaho, Washington, Oregon, Nevada, and California.

**Table 4: Marginal Effects from Probit Model of Final Senate Votes on RTAA Passage (1934) and Renewal (1945).**  
 Robust standard errors in parenthesis below coefficients. Number of Observations is 94 in 1934 and 87 in 1945.

	<i>RTAA Vote, June 4, 1934</i>			<i>RTAA Renewal Vote, June 20, 1945</i>		<i>RTAA Renewal with Foreign Policy Variables</i>		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Party	0.83 (0.13)	0.31 (0.20)	0.48 (0.66)	0.43 (0.10)	-0.14 (0.21)	-0.12 (0.89)	-0.17 (0.98)	0.12 (1.02)
Ideology	--	-1.29 (0.28)	-1.41 (0.39)	--	-1.03 (0.30)	-1.36 (0.36)	-1.28 (0.37)	-0.88 (0.41)
Exports	--	-2.80 (4.82)	2.32 (5.11)	--	2.15 (2.58)	20.18 (6.14)	20.71 (6.65)	18.59 (6.97)
Exports * Party	--	--	-9.61 (8.12)	--	--	-24.62 (6.48)	-25.21 (6.95)	-23.82 (7.48)
Imports	--	-3.07 (3.16)	-13.76 (5.67)	--	-1.51 (2.24)	-17.77 (6.48)	-15.67 (7.25)	-14.21 (6.32)
Imports * Party	--	--	19.35 (8.75)	--	--	18.50 (6.90)	16.46 (7.69)	15.53 (6.79)
Predicted Vote on Bretton Woods	--	--	--	--	--	--	0.24 (0.39)	--
Predicted Vote on British Loan	--	--	--	--	--	--	--	0.44 (0.26)
Log Likelihood	-33.25	-24.00	-22.80	-44.45	-34.61	-26.34	-26.08	-25.04
Pseudo-R <sup>2</sup>	0.46	0.61	0.63	0.18	0.36	0.51	0.52	0.54
Correctly Classified	88%	91%	91%	74%	80%	86%	83%	85%

Notes: Dependent Variable: a vote in favor of the RTAA = 1, against = 0. Party: Democrat = 1, Republican = 0.

**Table 5: Marginal Effects from Probit Model Pooling Final Senate Votes on RTAA (1934) Passage and Renewal (1945).** Robust standard errors in parenthesis below coefficients. Number of Observations is 181.

	(1)	(2)	(3)
Year = 1945	0.27 (0.13)	-0.22 (0.71)	-0.46 (0.99)
Party	0.81 (0.12)	0.28 (0.18)	-0.21 (0.59)
Party * Year = 1945	-0.36 (0.18)	-0.45 (0.29)	3.43 (1.34)
Ideology	--	-1.17 (0.26)	-1.26 (0.39)
Ideology * Year = 1945	--	-0.06 (0.42)	-0.54 (0.47)
Exports	--	-2.53 (4.35)	2.07 (4.51)
Exports * Year = 1945	--	5.09 (5.80)	24.68 (9.10)
Exports * Party	--	--	-8.56 (7.15)
Exports * Party * Year = 1945	--	--	-24.08 (11.55)
Imports	--	-2.77 (2.82)	-12.24 (5.42)
Imports * Year = 1945	--	0.98 (3.51)	-11.31 (7.43)
Imports * Party	--	--	17.22 (8.30)
Imports * Party * Year = 1945	--	--	7.29 (9.71)
Log Likelihood	-77.70	-58.59	-49.91
Pseudo-R <sup>2</sup>	0.33	0.49	0.58
Correctly Classified	82%	86%	88%

Notes: Dependent Variable: a vote in favor of the RTAA = 1, against = 0. Party: Democrat = 1, Republican = 0.

## Data Appendix

This appendix describes the construction of the state-level export and import share variables. State-level data on the sectoral composition of economic activity was matched to national data on exports and imports to these sectors. Our state index is the product of a sector's share of state output and the value of exports or imports of that sector summed over all sectors, i.e., the export- or import-weighted shares of sectoral output in a state. State-level data on value-added by industry is from the 1935 Census of Manufactures, available in U.S. Bureau of the Census (1938), and from the 1947 Census of Manufactures, available in U.S. Bureau of the Census (1950). State-level data on farm and mining income for 1935 and 1947 are available in U.S. Bureau of Economic Analysis (1984). Lechter (1970) presents detailed data on the commodity composition of U.S. exports and imports for 1935 and 1947. The table below indicates how the trade data from Lechter were mapped into the census categories.

<u>Census Category</u>	<u>Exports</u>	<u>Imports</u>
Agriculture	000 + 10	00 + 010 - 0105-7
Mining	1200 + 1221-2	1005-7 + 1223-4
Food and Kindred Products	001 + 01	140 + 142-3
Tobacco	4112	0105
Textile Mill Products	126	120-1
Apparel Products	410	400 + 410A
Lumber and Paper Products	124	11 + 13 - 1302
Chemicals	125	123 + 4012 + 1225-6 + 28
Petroleum and Coal	11 + 4110	10
Rubber, Stone, Leather, Glass, etc.	127	131 + 1302 + 16 + 4010 + 4011 + 4101 + 1220-2
Primary Metals	120 + 122	14
Fabricated Metals	121 + 123	15 + 4102
Machinery, Instruments, etc.	21	20 - 200 + 4108
Electrical Machinery	20	200 + 4103
Transport Equipment	22 + 3 + 50	21 + 3 + 4105 + 5000
Misc. Manufactures	400 + 411 - 4112	4013 + 4100 + 4104 + 42 + 4106-7