THREE PAPERS ON TRADE POLITICS

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ABSTRACT

How did the U.S. government liberalize trade despite public opposition? Over the last three decades, the United States forged free trade agreements with countries on five continents, pursuing a strategy of bilateral liberalization while working within GATT/WTO to further reduce trade barriers. But throughout the same period, a majority of Americans opposed efforts to increase trade openness. My dissertation examines this question through three research projects. The first paper reviews the central finding of the trade opinion literature, that individual interests and attitudes shape personal preferences about trade, and finds that only a small subset of voters, the highly politically aware, have settled opinions about trade because they adopt the views of political elites. The second paper demonstrates that, rather than claiming credit for liberal trade policies as prior research would predict, pro-trade politicians either avoid the issue entirely on the campaign trail or actively feign support for protectionism. However, because trade is rarely locally salient, politicians do not suffer electorally for their pro-trade votes, even when those positions conflict with the economic interests of their districts. The third paper finds that exporters from states that are strategically important to the United States — democracies, allies, major aid recipients, and countries that are wedded to the U.S.-led liberal order — are more likely to use the Generalized System of Preferences. This is because of conditionality: the U.S. can remove beneficiary countries for a range of reasons, and exporters from states that are not tied to the U.S. fear being suspended from the program.
INDEX WORDS: Trade, WTO, Generalized System of Preferences, Endogenous Protection, Political Advertising, Public Opinion
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1.1 Introduction

What explains public opinion on trade policy? Despite a striking consensus among economists on the desirability of trade openness (Mayda and Rodrik, 2005), public opinion remains divided on the issue. As a result, a substantial literature has arisen within the field of International Political Economy devoted to explaining the sources of public attitudes on trade. Until recently, scholars have largely focused on an interest-based account of the origins of trade preferences, arguing that individuals form opinions on trade policy based upon evaluations of its likely effect on their personal economic interests. The balance of the evidence in this literature has come to support a factor income model in which high-skilled labor in developed economies, like the United States, favors freer trade, while low-skilled workers prefer greater protection.

However, research in other areas of public opinion, as well as more recent work within IPE, suggests that this focus may be misplaced. Scholarship in the broader public opinion literature has established that citizens struggle to connect national economic policies with their personal well-being, particularly for low-salience issues, such as contemporary trade policy (Guisinger, 2009). Further, social and attitudinal accounts of trade preference formation argue that material self-interest matters less in determining individuals’ trade policy preferences than attitudes towards out-groups
or perceptions of how the U.S. economy at large is affected by trade (Mansfield and
Mutz, 2009). Still, if individuals are ill-informed about trade, there is no \textit{ex ante} reason
to think that individuals are better able to connect their social attitudes, rather than
their economic interests, with trade opinion. And if people struggle to connect trade
policy with their own interests and attitudes, why do macro-level studies of trade
opinion consistently show patterns consistent with self-interested policy preferences
(Fordham and Kleinberg, 2012)?

Our answer is elite influence. People form opinions on political issues after being
exposed to position-taking or “cues” from trusted elites. Elites may provide cues to
their followers through speeches, position papers, or media appearances. Politically
aware individuals, \textit{i.e.}, those more attentive and knowledgeable about politics, are
more likely to receive, understand, and accept elite cues (Zaller, 1992). When elites
are united in support of a particular policy, politically-aware members of the public
are more likely than less-aware individuals to favor the same policy (Berinsky 2007,

In the case of trade, three decades of elite opinion data and national party plat-
forms demonstrate that elites across the American political spectrum are overwel-
mingly supportive of liberalization. Thus, the trade-related cues received by politi-
cally-aware members of the public influence them in favor of trade openness. Unsurprisingly,
we find political awareness to be a strong and consistent predictor of support for free
trade. At low levels of political awareness, people both receive fewer cues and lack
the sophistication to interpret those they do receive, leaving them unable to form
systematic opinions on the basis of their interests and attitudes. In other words, the
commonly cited interest-based and attitudinal predictors of trade preferences will not
function as expected at low levels of political awareness. For example, we find that the
trade opinions of college graduates and non-graduates are only differentiated for the
politically aware. The same pattern holds for other predictors linked to support for free trade in the trade opinion literature (including internationalism and ethnocentrism). Further, we find evidence of a causal pathway whereby exposure to elite cues leads to increased support for liberalization through the mediating effect of political awareness.

Thus, our article contributes to the trade preferences literature by inverting the implicit understanding that individuals form opinions on trade through their personal interests and attitudes and then influence elite policy positions. Rather, we find that elite policy positions influence the opinions of politically-aware members of the public in favor of trade openness. This also challenges the predominant understanding of trade liberalization: elites supply policies that promote the economic interests of their constituents in order to win votes — bottom-up responsiveness. Instead, we identify a top-down process of liberalization. In so doing, we also help to resolve the trade preferences aggregation puzzle: the variables used to proxy for self-interest are both conditioned on and mediated by political awareness. This explains how mass trade opinion comes to resemble societal patterns of economic interests despite the implausibility of interest-based accounts of trade preference at the individual level.

The paper proceeds as follows: first, we summarize the literature on trade preference formation and explain our theory of how political awareness affects the way people form opinions about trade. Then, we test our theory using three decades (nine cross-sections) of American National Election Studies (ANES) data, employing logistic regression with fixed effects, causal mediation analysis, and matching as pre-processing. We find a monotonically positive relationship between political awareness and support for free trade. Moreover, we find that the effects of commonly-studied demographic and attitudinal characteristics such as college education on trade opinion are both conditioned on and mediated by political awareness. Finally, we use causal
mediation analysis to evaluate our hypothesized causal path, linking exposure to elite cues to increased support for trade liberalization.

1.2 Theory

Our argument proceeds in three parts. First, we argue that the study of trade opinion must be integrated with the study of domestic public opinion.\footnote{In this, we follow the example of Berinsky 2009, in his study of public opinion on war.} The microfoundations on which standard models of trade opinion are built—a citizen calculating the likely personal costs and benefits of particular trade policy options—are inconsistent with the general picture offered by scholars of public opinion in other issue areas. Instead, extensive research has established that citizens rarely connect public policy choices with their personal interests. This suggests that the sources of public trade opinion are unlikely to lie solely in personal economic interests.

Second, we argue that citizens form opinions about trade in much the same way they do in other issue areas: they turn to cues about trade provided by trusted leaders who share their general political views. Thus, we argue that rather than simply being constrained by mass trade opinion, elites are themselves able to influence public attitudes towards trade. More specifically, we argue that politically-aware individuals are more likely to receive, comprehend and accept elite cues. Consequently, the most politically-active members of the electorate, rather than constraining elites, instead align their preferences with elite positions.

Finally, since American elite opinion has been pro-trade (across the mainstream political spectrum) for more than three decades, politically-aware citizens are more likely to support free trade policies. Moreover, while individuals’ interests and attitudes may systematically affect their opinions on liberalization, we argue that these effects are conditioned by political awareness. At low levels of political awareness,
people are unable to connect their interests and attitudes with trade policy. However, greater political awareness does not lead to polarization in trade attitudes; because elite cues are pro-trade, would-be protectionists will find few cues to enhance their enthusiasm for protection.

THE ORIGINS OF TRADE PREFERENCES

The micro-foundations of political economy models of trade opinion rest on the notion that individuals evaluate the likely impact of trade policy on their personal economic prospects. In economies where capital (labor) is the abundant factor, high-skill (low-skill) workers prefer free trade, while low-skill (high-skill) workers prefer protection (Rogowski, 1989). Using college education as a proxy to identify high-skill workers, scholars have found a robust relationship with individual trade preferences across numerous specifications and datasets (See e.g., Dutt and Mitra 2005; Mayda and Rodrik 2005; Scheve and Slaughter 2001). Researchers then argue that these exogenously-given interests determine the political preferences of voters who reward candidates that furnish their desired trade policies (Bailey, 2001; Özden and Reinhardt, 2005).

This account of the origins of trade preferences has been highly influential. Beyond research on trade opinion, it has come to constitute the theoretical underpinnings of an even more extensive literature on the origins of trade liberalization. Democratic leaders are hypothesized to join institutions in order to signal their commitment to non-predatory trade policies (Mansfield, Milner and Rosendorff, 2002) and reduce trade barriers (Milner and Kubota, 2005) to appeal to voters. Conversely, Frye and Mansfield (2004) argue that trade liberalization is timed to occur immediately after elections to minimize the electoral impact of a protectionist backlash. In other words, politicians supply trade policies in line with individual economic interests and use
international trade institutions to send signals about those policies to their constituents.

By contrast, extensive research on economic voting suggests that individuals struggle to make these calculations. Material self-interest only rarely contributes significantly to opinions on policy issues or to voting decisions (See Guisinger 2009; Lewis-Beck and Stegmaier 2000; Sears and Funk 1990) because individuals have difficulty drawing connections between personal interests and public policy (See Mutz 1994; Sears et al. 1980).\(^2\) Moreover, investigations into the effect of free trade on labor market volatility have produced ambiguous evidence as to whether trade openness creates greater labor market insecurity for workers in advanced industrial economies (Iversen and Cusack, 2000), as implied by political economy models of trade opinion.

More recent scholarship in the trade opinion literature has shifted the focus from economic interests to social attitudes. For example, rather than viewing college education as a proxy for respondent skill (and, consequently, economic interest), two papers argue that it instead transforms graduates’ broader philosophical and political outlooks (Hainmueller and Hiscox 2006; Mansfield and Mutz 2009). Likewise, cross-national studies of trade opinion have found that support for trade protection is associated with nationalist attitudes (Mayda and Rodrik 2005; O’Rourke and Sinnott 2001). In this vein, Mansfield and Mutz (2009) argue that the effects of education on trade policy preferences are felt primarily through the graduates’ more favorable underlying dispositions toward outgroups. They argue, in addition, that insofar as trade opinion is influenced by material economic calculations, individuals are more likely to consider how trade will affect the economy at large, rather than their own economic prospects.

\(^2\)Also see Green and Gerken (1989) for an exception that may prove the rule: an idiosyncratically high-salience issue in which individuals form policy opinions on the basis of self-interest.
However, Fordham and Kleinberg (2012) offer two related criticisms of this account. First, they argue it is inappropriate to make causal inferences on the basis of associations between two sets of attitudes (e.g., attitudes towards outgroups and trade policy preferences). They explain that it can be difficult to parse whether one is necessarily causally prior to the other and demonstrate that trade policy preferences are themselves predictive of perceptions of trade’s likely effects both on the American economy at large and on personal economic well-being.

Second, they argue that Mansfield and Mutz (2009) in particular, and the trade opinion literature in general, have defined economic self-interest too narrowly. Thus, they challenge the field to address this “important theoretical puzzle: if people lack the information and cognitive capacity to calculate their interests from the economic fundamentals, how does individual opinion come to approximate self-interest?” This suggests the need for a theory of trade opinion that reconciles the findings of both the interest- and attitude-based accounts.

More fundamentally however, trade opinion is of broader interest only insofar as it influences trade policy outcomes. Research by Guisinger (2009) finds that whatever the origins of their preferences, voters are both uninformed about their representatives’ positions on trade and unlikely to consider their own trade preferences when choosing a candidate. Moreover, recent work suggests that, beyond being able to assess the attitudes of their legislators, voters have a more fundamental problem: they do not understand the economic consequences of free trade and protectionism—even when it affects their well-being (Rho and Tomz, 2016). This suggests that the constraining effect of public opinion (and consequently public welfare) on trade policy is weak at best, implying a far greater level of policy autonomy for elites. This is troubling for accounts of trade liberalization that rely on the ability of voters to hold politicians accountable for the trade policies they adopt. Nonetheless, this leaves unanswered
questions about both the origins of public opinion on trade and how those opinions affect trade policy outcomes.

**How Elites Influence Public Opinion**

Therefore, we propose a cue-based account of trade opinion formation that both reconciles interest-based and attitudinal accounts of trade opinion and suggests an alternative mechanism by which preferences are aggregated into trade policy outcomes. We argue that a pro-trade elite consensus influences the opinions of politically-attentive members of the public in favor of trade liberalization. Political elites may thus be even less accountable to public opinion than suggested by Guisinger (2009). Not only are citizens unable and unwilling to constrain elite policymaking on trade, elites may themselves shape the opinion of publics who theoretically hold them accountable.³

If and how elites influence mass political opinion has been the subject of an extensive body of research (Bullock 2011; Gabel and Scheve 2007; Hooghe 2003; Lippmann 1932; Steenbergen, Edwards and De Vries 2007). While this literature is both massive and diverse, it is possible to generalize about the typical causal claims made by scholars of elite influence: elites communicate messages, which are received by individuals, who are influenced to varying degrees according to the characteristics of the messenger, the message, and the recipient. Because the content of messages can be difficult to measure directly, much scholarship has focused on the characteristics of the cue-giver(s) and recipient(s), as exemplified by the work of Zaller (1992, 1994).

In particular, Zaller (1994) argues that mass opinion will reflect the degree of consensus or polarization at the elite level: elite consensus will tend to produce a "mainstreaming" pressure on mass opinion, while elite polarization will consequently

³Alternatively, Saunders 2012 argues that policymakers are constrained by other elites who have the capacity to mobilize an otherwise quiescent public. Nonetheless, this suggests that the proper focus of inquiry for policy constraint is not on mass, but rather elite, opinion.
produce a parallel polarization of opinion at the mass level. Of course, elite messages have to be received and understood to be effective, and not all members of the public are equally attentive to or knowledgeable about politics. This is the role of political awareness. As Zaller (1994) puts it, “the more citizens know about politics and public affairs, the more firmly they are wedded to elite and media perspectives on...policy issues” (Zaller, 1994).

Dating back to Converse (1962), scholars have known that political awareness influences on political behavior and attitudes at the mass level. Political awareness has been shown to affect the strength of citizens’ party attachments (Albright, 2009), their perceptions of national economic conditions (Duch, Palmer and Anderson, 2000), and their ability to connect personal economic interests with national policies (Gomez and Wilson, 2001). In particular, numerous scholars have found that political awareness conditions how evaluations of both personal (“pocketbook”) or national (“sociotropic”) interest affect vote choice and attitudes (See e.g., Delli Carpini and Keeter 1996; Fiorina 1981; Gomez and Wilson 2001, 2006; Kinder and Kiewiet 1981; Mutz 1992). Therefore, we propose that individuals’ trade policy preferences are influenced by elite cues, according to their levels of political awareness.4

Berinsky (2007, 2009) extends Zaller’s theory of elite messaging, arguing that, even absent specific elite messages about a particular policy, citizens follow the positions of elites in forming their political opinions. In other words, citizens do not need to be persuaded by arguments in order to adopt the positions of elite cue-givers – they must only be aware of the policy positions taken by elites. However, political awareness remains critical to this account, as interpreting the cue requires citizens to recognize both the cue-giver and their general level of agreement with her policy positions.

4Conventionally defined as objective political knowledge; see Zaller (1992).
Thus, we argue that politically-aware members of the public are likely to have trade opinions that mirror elite policy positions, consistent with studies of other areas of foreign policy (Berinsky 2007, 2009; Zaller 1992, 1994). Further, because trade policy is a low-salience and highly technical issue, few individuals possess settled opinions on trade; however, they may possess a set of attitudes that are potentially relatable to trade. These may include attitudes that have been previously identified by the trade opinion literature such as cosmopolitanism and ethnocentrism, or personal characteristics likely associated with attitudes such as college education and gender. Given the complexity and unfamiliarity of trade policy for most individuals, they are not likely to independently connect these attitudes to positions on trade policy. This link is supplied by cues from elites. Politically aware individuals are both more likely to be exposed to elite cues on trade and to possess the ability to make sense of them in relation to their broader beliefs.

This means two things. First, as individual political awareness increases, so too will exposure to elite cues on trade, resulting in greater elite influence on the politically-aware. Second, individuals are unlikely to form settled, systematic opinions on trade without first receiving messages from elites (i.e. being sufficiently politically aware). Thus, at low levels of political awareness, individual trade opinion is unlikely to be differentiated, regardless of demographic characteristics, interests, or social attitudes. For example, at low levels of political awareness, the trade opinions of college graduates should be indistinguishable from those of non-graduates. These characteristics are not likely to be connected to trade opinion without the context of elite cues. Consequently, it is only at higher levels of political awareness where the influence of these attitudes is likely to be felt on individuals’ trade opinions.

Still, individuals do not simply passively accept any and all elite messages they receive. Instead, they will accept or reject these cues on the basis of their coher-
ence with their preexisting attitudes. These attitudes are often systematically related, even if not identical, to factors identified as influential by trade opinion scholars. For example, women have been found to be less receptive to economic-based arguments in favor of trade than men (Gidengil 1995; Mansfield, Mutz and Silver 2015). Thus, women are less likely to accept any elite pro-trade messages to which they are exposed.

Consequently, we argue that the forces shaping public trade opinion are not only bottom-up (individual economic interests and social attitudes), but also top-down (the political influence of elites). In so doing, we heed both Berinsky’s call to reconcile the study of foreign policy with mainstream public opinion research as well as Fordham and Kleinberg’s challenge to resolve the trade preferences aggregation puzzle. The effects of both economic interests and social attitudes on trade opinion are dependent on political awareness, which itself indexes individuals’ susceptibility to elite influence.

We consequently join both Mansfield and Mutz (2009) as well as Fordham and Kleinberg (2012) in advocating an “information-based” account of trade policy preferences: we focus on the sources of information available to individuals to explain their support for free trade. This model also allows us to reconcile the prominent empirical findings of the trade opinion literature with the broader theoretical expectations of public opinion research by contributing a complete account of where the particular pattern of preferences we observe in the public comes from: faced with a complicated and unfamiliar issue (trade policy), citizens turn to trusted public figures to provide cues on how to formulate opinions about trade policy. That is, Democrats (Republicans) may turn to prominent Democratic (Republican) leaders for cues. Nonetheless, whatever the source of elite cues, politically-aware citizens are more likely to receive, recognize, and connect such cues to their preexisting attitudes and interests (See Zaller 1992, 1994 and Berinsky 2007, 2009).
ELITE CONSENSUS ON TRADE

Elites shift public attitudes through two pathways: persuasive cues, in which listeners are moved to support or oppose issues based on the strength of the arguments presented, and source cues, in which listeners support or oppose issues based on the credibility of the cue-givers (Petty and Cacioppo, 1981). For “hard” issues – described by Carmines and Stimson (1980) as technical, obscure, and generally unfamiliar to members of the public – people rely on source cues for guidance (Ratneshwar and Chaiken, 1991). By contrast, for “soft” issues, familiar positions that tie with broadly accessible values and beliefs, people are more likely to be moved by the arguments themselves. In other words, a person may not understand the nuances of trade policy, but if she agrees with the cue-giver on other issues, if she sees the cue-giver as credible, she can take a cognitive shortcut and accept the cue-giver’s position on trade (Gilens and Murakawa, 2002). In other words, it is not the content of elite arguments about trade that matter but the positions themselves.

And when citizens receive cues, it is likely that, regardless of cue-giver, they will find a similar position on trade policy. Elite opinion on trade is characterized by a strong and persistent consensus in favor of trade liberalization. The Chicago Council on Global Affairs conducts a quadrennial survey focused on U.S. foreign policy. These surveys include both a public opinion component surveying a national sample of ordinary citizens and a parallel survey of “foreign policy leaders,” including policymakers in the House, Senate, and executive branch, business and labor leaders, media executives, and prominent academics and leaders of private foreign policy organizations and think tanks. These data represent a unique opportunity to compare the views of ordinary citizens and prominent political, economic, and cultural elites.\footnote{Both elites and members of the public were asked the following question from 1978-1998: \textit{“It has been argued that if all countries would eliminate their tariffs and restrictions}}
As Figure 1.1 makes clear, mainstream political elites, regardless of partisan affiliation, have been remarkably supportive of free trade, with labor leaders as the sole dissenters.6 When compared to members of the public presented with the same question on trade policy, elites were often as much as twice as likely between 1978 and 1998 to support the elimination of tariffs as the general public and roughly 50 percent more likely to express support for free trade in general in 2004. It may be that elites are simply evaluating the benefits of free trade as disinterested, rational policy advocates, they may support it due to cosmopolitan social attitudes, or that they favor free trade on the basis of personal economic interest. Regardless of their motivation, they have been (with limited exceptions), consistent in their support for free trade over a long period.

Elite consensus on trade policy is also apparent in public policy statements. We reviewed Democratic and Republican party platforms from each election year between 1984 and 2008. Of the fourteen platforms – seven Democratic and seven Republican – all emphasized expanding free trade, thirteen discussed the importance of exports to the U.S. economy, and thirteen stated that trade must be “fair,” underscoring the value of trade regulations (see Appendix). Similarly, Presidents, the national party leaders,

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6 Elite attitudes on trade may reflect a broader elite consensus on economic and monetary policy issues as discussed by McNamara (1999).
Figure 1.1: Elite Support for Free Trade Policies by Affiliation. Note that as shown by the vertical red line, the question asked changes beginning in 2002. However, while the absolute levels of support for free trade policy change with the new question formulation, the overall pattern remains consistent.
have been consistent in their support for liberalization, from Clinton’s NAFTA to Bush’s CAFTA to Obama’s TPP.

Thus, we suggest that elite opinion exerts a pro-trade influence on American public opinion. Nonetheless, its influence is likely to be limited to those who are politically-aware enough to recognize and respond to these trade policy cues. While pro-trade sentiments are ubiquitous in party platforms and State of the Union Addresses, politicians raise trade infrequently and inconsistently. The Wisconsin Advertising Project provides storyboards for all political advertisements produced in the 100 largest U.S. media markets in 2002 and 2004 and all 210 media markets in 2008. Between 2002 and 2008, only 12% of available Senate and House races featured even a single mention of topics related to trade. It is thus unsurprising that few individuals are able to identify the trade positions of their local representatives (Guisinger, 2009).

However, we acknowledge that support for trade is not unanimous amongst elites. The rise of Trump, a political outsider who Republican elites tried to derail on the way to the nomination, and Sanders, one of the few elected officials with a consistently protectionist voting record, is evidence that there is untapped public support for protectionism. We do not argue that all elites are pro-liberalization. Even the Chicago Council data demonstrate that 20-30% of Democratic and Republican politicians oppose trade openness. Instead, we argue that there is a bipartisan consensus in support of liberalization amongst mainstream elites resulting in party platforms and policies consistent with this consensus. The experience of Sanders and Trump, and Perot before them, suggests that the only prominent elite proponents for protectionism emerge from the political fringes. Despite occasional protectionist insurgents, trade liberalization expands on the strength of the mainstream elite consensus.7

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7In fact, the rise of protectionist political insurgents is much more puzzling for conventional theories of trade liberalization than for ours. Given the apparent popularity of protectionism revealed by both public opinion data and the success of Perot, Trump, and Sanders,
Finally, even pro-trade elites occasionally use confusing rhetoric around liberalization. For example, President Barack Obama’s January 2015 State of the Union address featured the following statement in which he urged Congress to give him Trade Promotion Authority to negotiate additional trade deals:8

China wants to write the rules for the world’s fastest-growing region. That would put our workers and businesses at a disadvantage. Why would we let that happen? We should write those rules. We should level the playing field. That’s why I’m asking both parties to give me trade promotion authority to protect American workers, with strong new trade deals from Asia to Europe that aren’t just free, but fair.

These comments are typical of statements made by Presidents of both parties (and of language contained in both parties’ platforms) in two important ways. First, the President is clear in expressing his support for liberalizing trade policies—e.g., “give me trade promotion authority” for “strong new trade deals from Asia to Europe.”9 Second, this policy preference is often justified with seemingly protectionist language—e.g., “We should level the playing field” to “protect American workers.” In fact, Obama’s remarks follow the same formula employed by his predecessor George W. Bush in his 2004 State of the Union address, in which he told the public: “My administration is promoting free and fair trade to open up new markets for America’s entrepreneurs, and manufacturers, and farmers, and to create jobs for America’s

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8The Obama administration had previously used TPA to negotiate deals with South Korea, Panama, and Colombia.
9This is a clear reference to the Trans-Pacific Partnership and the Trans-Atlantic Trade and Investment Partnership.
workers." Thus, public statements from political elites on trade policy are often highly "noisy" in that they seemingly include both pro- and anti-trade messages.

Consequently, individuals with low political awareness may struggle to receive and interpret trade cues consistently. In fact, to the extent that they receive information about trade, the politically-unaware may respond to protectionist messages because they are unable to discern the actual positions of their party leaders. By contrast, even in the face of inconsistent messaging, the politically-aware can recognize the signal through the noise, adopting the uniformly pro-trade positions of their parties.

Of course, different citizens will trust different elites as cue-givers. Some may turn to Bill Clinton, others to George W. Bush, still others to Thomas Friedman, Warren Buffett, or even Bono. This has led some critics of Zaller’s theory to argue that sometimes citizens may select cue-givers on the basis of prior policy agreement on the issue of interest. That is, in our case, pro-trade (protectionist) individuals might look to pro-trade (protectionist) elites as cue-givers, essentially reversing the causal relationship we have proposed.

We argue that this is unlikely to be the case for a significant number of Americans. Trade policy is an extremely low-salience political issue, about which individuals are both ill-informed and politically uninterested (Guisinger 2009; Rho and Tomz 2016). The Chicago Council on Global Affairs asks respondents to its quadrennial foreign policy survey to identify the two or three largest foreign policy problems facing the U.S. today. Less than five percent of mass-level respondents in any cross-section for which data are available (1986, 1990, 1994,10 1998, or 2002) listed international trade, NAFTA, or economic competition as a top three foreign policy challenge.11 In fact, more than three times as many people included foreign aid in their top three

10The year of NAFTA implementation.
11In 2004 and 2008, respondents were instead provided with a list of 13 “possible [foreign policy] threats to the vital interest of the United States," and asked to rate them as critical,
challenges, and more salient issues like terrorism and conflict in the Middle East rank far higher. Trade is not even salient when compared with other foreign policy issues, to say nothing of hot-button domestic issues like abortion and taxation (See also Guisinger 2009). Thus, it seems unlikely that many citizens would choose elite cue-givers on the basis of their trade opinions rather than their opinions on a whole host of more politically salient issues.

Similarly, Gabel and Scheve (2007) argue that elites may anticipate public opinion, giving the appearance of elite-driven changes in public attitudes, when in fact, elites are merely responding to anticipated changes in public opinion. Zaller (2012) has acknowledged that this may often be a concern, depending on the issue. However, as is clear from Figure 1.1, both public and elite attitudes towards trade policy have been remarkably stable over three decades. Additionally, while anticipatory elite cue-giving may occur in more salient policy areas (e.g., European integration),\textsuperscript{12} given that public opinion more closely matches that of labor leaders than any other elites, it seems unlikely that elites are adopting pro-trade positions in anticipation of shifts in public attitudes in that direction. Further, based on Guisinger’s findings, it is difficult to believe that elites are anticipating public opinion when trade policy is essentially irrelevant to vote choice. Politicians are unlikely to invest effort in anticipating pro-trade public opinion when such efforts are unlikely to result in any electoral benefit. Further, given the relative popularity of protectionism, the shortage of protectionist policies appears strange from this perspective.

Moreover, political awareness has the added inferential benefit of being measured by objective political knowledge and is thus observed independently of trade opinion

\textsuperscript{12}Substantial evidence exists to suggest that European integration, the subject of Gabel and Scheve’s study, is in fact, an unusually salient political issue among European voters. See e.g., Gabel 2000; Hooghe and Marks 2005.
almost by necessity. While there may be reason to question the direction of the causal arrow in statistical relationships between trade opinion and sociotropic attitudes towards trade or even trade opinion and attitudes towards outgroups, it is difficult to imagine a scenario in which one’s position on trade policy could cause one to become more or less generally knowledgeable about politics and public affairs. In fact, the most plausible scenario of trade opinion causing political awareness, in which individuals experiencing trade dislocations become more generically politically engaged due to their opposition to free trade, would bias against our argument that political awareness increases support for free trade. By contrast, it is more difficult to envision a passionate supporter of free trade who is not politically aware becoming politically aware as a result of her support for tariff reduction.

To conclude, we return to our puzzle: individuals struggle to connect their interests and attitudes with low salience topics like national trade policy. Nonetheless, interests and attitudes across numerous studies predict patterns of aggregate trade opinion. Political awareness supplies the link between these apparently disparate findings. Because elite opinion is nearly uniform in its support for greater trade openness, elite cues are consistently favorable towards trade. Consequently, individuals with greater political awareness are those most influenced by elite opinion. Similarly, because citizens who are likely to benefit most from trade (the highly-skilled) and the least anxious about its social consequences (cosmopolitans and internationalists), are simultaneously those more likely to receive, comprehend, and accept pro-trade elite cues, elite influence will be greatest on these individuals. As a result, while trade opinion may appear to be explained by individual attitudes and interests, these effects depend on political awareness and are thus shaped in large part by elite influence.

Additionally, while most studies of trade opinion have investigated one or, at most, two surveys, this study examines over three decades’ worth of data drawn from
nine separate cross-sections of the American National Election Studies (ANES). By analyzing data drawn over such a long time period, we are able to demonstrate that many of the effects uncovered in previous studies are unstable, time-dependent, or otherwise non-robust. In contrast, we find that the hypothesized relationship between political awareness and support for trade openness remains substantively consistent across our time series.

HYPOTHESES

We have three major empirical expectations in this research. First, we expect that consistent with the “mainstreaming” effect described by Zaller (1992), elite consensus on trade will be reflected in the attitudes of ordinary citizens to a greater or lesser extent according to their levels of political awareness.

**HYPOTHESIS 1**: The probability of an individual supporting free trade policy will increase monotonically with her level of political awareness.

Moreover, given that non-union elite policy cues are consistently pro-trade, increased political awareness should lead to greater, or at least constant, support for liberalization, even among people with characteristics that predispose them to protectionism (e.g., union members). Although union members are exposed to anti-trade cues from labor leaders, politically-aware members also receive countervailing pro-trade policy cues from other elites, making them more supportive of trade. Consequently, we expect increased political awareness to predict higher levels of support among union members for free trade policies (having received anti-trade messages, even at low levels of individual political awareness, union members will simply begin at a lower baseline level of support for free trade). Likewise, the bipartisan trade policy consensus, shown in Figure 1.1, suggests that the trade opinions of the
politically-aware are unlikely to be polarized along partisan lines. Thus, insofar as Democrats (Republicans) are more anti- (pro-) trade than others, we do not expect their distinctiveness to be conditioned (or mediated) by political awareness.

Second, given that trade policy is a low-salience issue about which citizens are unlikely to form settled opinions without elite cues, we expect that the effect of individuals’ predispositions on trade policy opinion will depend upon the information available to them. That is, at low levels of political awareness (i.e., low exposure to political information), trade opinion will be largely undifferentiated. Whatever demographic or attitudinal characteristics may predispose individuals toward favoring free trade policies, we expect their effects on trade opinion to be conditional on political awareness. For example, while college graduates have been widely found to hold distinctively pro-trade views, we expect the positive effect of college education on trade opinion to be limited to the politically aware. Furthermore, we expect to observe analogous relationships in other demographic and attitudinal characteristics commonly associated with higher or lower levels of support for free trade policy (e.g., income, gender, internationalism/isolationism, and ethnocentrism).

HYPOTHESIS 2: The effect of broader economic interests and social attitudes on trade opinion will be conditioned by individuals’ levels of political awareness.

In addition, we expect that the effect of these interests and attitudes on trade opinion will not only vary with political awareness, but will also be mediated by political awareness. That is, the effect of a “treatment” by these interests or attitudes on individuals’ trade opinions will be transmitted, at least in part, through variation in their levels of political awareness. For example, while college education could affect trade opinion through multiple conceivable pathways (e.g., as a proxy
for labor mobility or through its socialization of internationalist attitudes), we expect that at least some of its effect on trade opinion will be transmitted through a political awareness pathway. In short, there exists a causal mechanism linking attitudes and interests to trade opinion through political awareness. This suggests a complementary hypothesis:

**Hypothesis 3A:** *The effect of broader economic interests and social attitudes on trade opinion will be mediated by individuals’ levels of political awareness.*

Similarly, the elite influence theory implies the existence of a causal pathway linking individuals’ exposure to pro-trade elite cues with increased support for trade openness, through variation in their levels of political awareness. Because exposure to cues is likely to increase with individuals’ political interest, we hypothesize that the effect of political interest on trade opinion will be mediated (in favor of trade openness) by political awareness.

**Hypothesis 3B:** *The effect of political interest on trade opinion will be mediated in favor of free trade by political awareness.*

However, we expect to observe neither a conditional nor a mediated effect of political awareness in two other factors commonly associated with distinctive patterns of trade opinion: union membership and partisanship. These expectations are consistent with the information-based elite influence account we have described in this article. Union membership can be understood as a substitute for political awareness. One of the primary political functions of a union is to provide rank-and-file members with policy position cues on a variety of issues. Union members do not need to be individually politically-aware (in a general sense) to receive these cues. Thus, the low level
of support for free trade among union leaders depicted in Figure 1.1 is sufficient
to explain union members’ opposition to free trade policies without the conditioning
factor of political awareness. Additionally, bipartisan elite consensus implies that any
differences among Democrats, Republicans, or Independents are unlikely to be con-
ditioned or mediated by political awareness.

In the following, we evaluate these hypotheses on nine cross-sections of ANES
data. Because our measures of trade opinion are dichotomous, we make use of logistic
estimators, both with and without time fixed-effects to account for period effects. All
estimates are presented with bootstrapped standard errors.

1.3 Study Design

This study employs data from nine nationally-representative cross-sections from the
2008). We use multiple cross-sections of data to test the effects of political awareness
over time and to ensure that our findings are robust; analyses that rely on single cross-
sections of data are subject to smaller sample sizes and the risk that their findings
are not replicable in broader studies. We also make use of a survey conducted by the
Chicago Council on Global Affairs of national opinion leaders, defined as “individuals
in positions of leadership in the [Presidential] administration, the House of Repre-
sentatives, the Senate, business, labor, media, education, and religious organizations,
special interest groups, and private foreign policy organizations,”\textsuperscript{13} using data from

Data Description

As the “flagship” dataset in the study of American public opinion, the ANES has not only been used to test theories of trade opinion (See for example, Burgoon and Hiscox 2008; Hainmueller and Hiscox 2006; Scheve and Slaughter 2001) but also to test the effects of political awareness across a wide variety of attitudes, facilitating easy comparison of our results with those observed in other areas of public opinion. The ANES also offers a broad range of demographic controls and attitudinal measures, as well as several items designed to measure political knowledge.

Our outcome variable is the standard ANES trade question about limiting imports, reproduced below:

Some people have suggested placing new limits on foreign imports in order to protect American jobs. Others say that such limits would raise consumer prices and hurt American exports. Do you favor or oppose placing new limits on imports, or haven’t you thought much about this?

If respondents favor additional trade protection, we code FREE TRADE as 0; if they oppose new import limits (and hence prefer more free trade), we code FREE TRADE as 1. Responses of “haven’t thought much about this” are coded as missing. This question is framed identically across all ANES cross-sections.

To assess respondents’ political awareness, we create an index variable designed to measure their objective political knowledge. Political knowledge has been established as the best measure of political awareness (See Converse 2000; Zaller 1992, 1994) and its use is standard in the American politics literature. Following Zaller (1992), each respondent is scored on her ability to recognize officeholders in each branch of government (e.g., the Vice-President, Speaker of the House, and the Chief Justice of the Supreme Court), foreign leaders (e.g., the Prime Minister of Britain or the President...
of Russia), and the party holding the majority in the House and Senate. We scored each response equally based on accuracy and constructed an additive scale, \textsc{political knowledge} (normalized from 0 to 1), with higher scores indicating greater accuracy.\textsuperscript{14}

In order to disaggregate the effects of political interest and awareness, that is, the effects of cue exposure and cue comprehension, we create \textsc{political interest}, an index variable designed to measure ANES respondents’ interest in politics and consumption of political news. Because elite cues are communicated to the public through mass media, it is reasonable to expect that individuals who more closely follow political news will be exposed to a greater number of cues. Thus, \textsc{political interest} is a standardized additive index based on five ANES survey items selected theoretically to reflect a common dimension of interest in politics.\textsuperscript{15}

As is standard in the trade opinion literature, we code education as a dummy, \textsc{college graduate}, coded as 1 when the respondent’s highest educational attainment is a Bachelor’s degree or higher and coded as 0 otherwise. In some specifications, we also include an interaction term between \textsc{political knowledge} and \textsc{college graduate}. Since gender and race have been found to affect trade opinion, we include \textsc{female} and \textsc{white}. Likewise, because higher-income respondents have been found to favor free trade – and both education and political knowledge are correlated with income – we include a measure for household income. Since our analysis spans three decades, reported incomes are not directly comparable across time. Thus, we use historical household income quintiles data from the U.S. Census Bureau to identify respondents with household incomes in the top (contemporaneous) quintile and con-

\textsuperscript{14}For specifics on how \textsc{political knowledge} was constructed in each cross-section, see the Appendix.

\textsuperscript{15}Details, as well as diagnostic test results on index construction can be found in the Appendix.
struct TOP INCOME. We also include measures for partisanship, political ideology, and whether anyone in the respondent’s household is a union member.

In addition to these standard demographic measures, we follow Mansfield and Mutz (2009) in developing attitudinal measures designed to tap cosmopolitan values and attitudes toward outgroups. To measure respondents’ general foreign policy outlooks, we code INTERNATIONALISM as 1 for respondents who disagree with the statement, “This country would be better off if we just stayed home and did not concern ourselves with problems in other parts of the world,” 0 for those who agree, and missing for those who are unsure. To measure attitudes towards outgroups, we create ETHNOCENTRISM, a variable measuring the gap in respondents’ average thermometer ratings of other ethnic groups from ratings of their own. Pooled descriptive statistics for all ANES variables are included in Table 1 in the Appendix.

We do not include Chicago Council public opinion data in our study because they lack an adequate measure of our key explanatory variable: political awareness.

1.4 Evidence

In this section, we present evidence from three sets of analyses. First, we present logistic regression results from nine cross-sections of ANES data. As predicted by HYPOTHESIS 1, we show that political awareness is a highly significant and substantively important predictor of support for trade liberalization. In addition, by interacting our political awareness measure with a variety of well-known predictors of trade opinion, we find evidence suggesting that these effects are conditional on political awareness, consistent with HYPOTHESIS 2. Next, by plotting our results, we find that political awareness goes beyond salience—it does not decrease support for liberalization in any group. We then employ coarsened exact matching to more precisely
identify the effect of political awareness and show that our results are meaningfully unchanged. Finally, we employ a causal mediation analysis to test hypotheses $3_A$ & $3_B$ and present evidence for causal mechanisms linking both cue exposure and interests and attitudes to changes in trade opinion through the mediating effect of political awareness.

Table 1.1 shows results from nine cross-sections of ANES data. Model 1 depicts results of a non-interacted model predicting trade opinion. In subsequent models, we interact our measure of political awareness with various demographic and attitudinal characteristics that have been linked to distinctive patterns of trade opinion in the literature. Our findings support hypothesis 1, showing a strong and significant relationship between increasing political knowledge and support for free trade, controlling for demographic variables such as income, education, gender, race, and partisanship, as well as attitudes such as isolationism and ethnocentrism. These results are robust to a wide variety of model specifications and the inclusion or exclusion of year fixed-effects.

As shown in Figure 1.2, these results are also robust across individual ANES cross-sections. One notable difference between our study and previous research on trade opinion is our use of multiple cross-sections drawn from three decades of public opinion surveys. While previous research has focused on single cross-sections, by examining multiple samples over time, we are able to search for temporal trends in trade opinion, as well as to evaluate the robustness of predictors.

In Figure 1.2, following a method suggested by Gelman and Hill (2006), we plot regression coefficients (with robust 95% confidence intervals) for the model intercept along with each predictor included in Model 1 of Table 1.1 (except for white) for successive cross-sections of the ANES from 1986-2008. While no distinct temporal
## Table 1.1: Political Knowledge - ANES 1986-2008

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| N | 5373 | 5373 | 5373 | 5373 | 5373 | 5373 | 5373 | 5373 |

*Standard errors in parentheses*
*Shown with Year-Level Fixed Effects*
pattern emerges, it should be clear that few predictors exhibit anything resembling inter-temporal robustness.

![Graphs of different predictors over time](image)

**Figure 1.2: Robustness of Predictors over Time (ANES Data 1986-2008).** Each panel depicts coefficient values for an individual predictor in successive ANES cross-sections. Point predictions are shown with 95% confidence intervals.

Of the eight variables depicted in **Figure 1.2**, none are significantly related to support for FREE TRADE in every cross-section. Indeed, only two predictors seem to exhibit much robustness at all: COLLEGE GRADUATE and POLITICAL KNOWLEDGE. In fact, these are the sole predictors to be consistently signed across all cross-sections. Consequently, our relative confidence in the reliability of the effects of education and political awareness is increased. These results, using perhaps the most-used and -cited
dataset in public opinion research, indicate that trade opinion researchers should take caution in extrapolating too much from associations identified in a single cross-section.

Similarly, in results from our interacted Models 2-8 in Table 1.1, note that the "main effect" of POLITICAL KNOWLEDGE in each of these interacted models is a consistently positive and highly-significant predictor of support for FREE TRADE. This suggests additional support for HYPOTHESIS 1. That is, higher levels of political awareness consistently predict greater support for trade openness.

Next, we evaluate HYPOTHESIS 2, as depicted in Models 2-8 in Table 1.1. Here, we show results from a series of interactions between POLITICAL KNOWLEDGE and a variety of demographic and attitudinal characteristics linked to greater support for or opposition to trade liberalization. These regression results lend support to both HYPOTHESIS 1 and 2. For example, in Model 2, we show that the effect of college education on trade opinion is conditional on political awareness. Specifically, in the interacted model, COLLEGE GRADUATE is no longer significant, while the product term is both positive and significant. Further, the association of attitudinal characteristics such as ethnocentrism and internationalism with trade opinion are similarly conditioned by political awareness, as depicted in Models 3-4 of Table 1.1. These results provide evidence in favor of HYPOTHESIS 2 and are at odds with the expectations of purely interest or social attitudinal-based theories of trade opinion. If economic interests or broader social attitudes were sufficient to explain mass trade opinion, their effects should not depend upon citizens’ level of political awareness.

However, these results are insufficient to distinguish between two alternative mechanisms linking political awareness to trade opinion. It is possible that at low levels of political awareness, individuals may simply lack the ability to link their interests and attitudes to a highly technical issue such as trade policy. That is, rather than citizens responding to elite cues on trade, it may be the case that highly-aware
individuals are better able to make the connection between their interests and attitudes with opinions on trade openness. Moreover, direct interpretation of product term coefficients (and significance levels) in maximum-likelihood estimators with limited dependent variables can be highly misleading (See Ai and Norton 2003; Berry, DeMeritt and Esarey 2010; Hainmueller, Mummolo and Xu 2016). Thus, we present Figure 1.3 to demonstrate the substantive significance of our results. In addition, in results presented in the appendix, we demonstrate the robustness of our results using diagnostics developed by Norton, Wang and Ai (2004). Readers may be more familiar with recent diagnostic tools for multiplicative interaction terms described in Hainmueller, Mummolo and Xu (2016). However, these diagnostics have yet to be generalized to analysis of limited dependent variables. The diagnostics presented in the appendix address nearly identical concerns, (i.e., extrapolation beyond common support and assumptions of linearity) but are designed for MLE.
Figure 1.3: Political Knowledge Interactions (ANES Data 1986-2008). Each panel depicts predicted probabilities of supporting free trade plotted over levels of political awareness. At top left, Panel 1 (top) depicts the “main” effect of political knowledge. Panel 1 (bottom) shows a kernel density plot (with normal curve overlaid) of political sophistication. Subsequent panels show separate plots for (2) College Graduates and Non-Graduates, (3) High, Median, and Low levels of Ethnocentrism, (4) Isolationists and Internationalists, (5) Union and Non-Union Households (6) Top and Second Income Quintiles, (7) Whites and Non-Whites, (8) Republicans, Democrats, and Independents, and (9) Men and Women, respectively.

The upper portion of the top-left panel of Figure 1.3 displays the effect of POLITICAL KNOWLEDGE on the predicted probability of a respondent expressing support for FREE TRADE, showing that probability of support for trade openness increases monotonically with respondents’ levels of political awareness. This plot corresponds to Model 1 in Table 1.1. Below this is displayed a kernel-density plot of POLITICAL
KNOWLEDGE (in red) with an overlaid plot of the normal distribution (in green), showing a roughly normal distribution (though with noticeably fatter tails), indicating that our results are unlikely to be caused by a skewed distribution of POLITICAL KNOWLEDGE and giving greater confidence to predictions made about individuals at higher or lower levels of political awareness. Subsequent panels of Figure 1.3 show predicted probability plots for college education, internationalism, ethnocentrism, union membership, partisanship, income, and gender, corresponding to Models 2-8 in Table 1.1.

As discussed previously, Model 2 in Table 1.1 (as depicted in Panel 2 of Figure 1.3) shows that, at low levels of POLITICAL KNOWLEDGE, COLLEGE GRADUATE is no longer a significant predictor of support for trade openness. However, the product term of COLLEGE GRADUATE and POLITICAL KNOWLEDGE is both positive and highly significant, suggesting that the oft-observed positive effect of education upon support for trade openness is conditional on political awareness.

Notably, political awareness also increases the likelihood of non-graduates supporting liberalization. If political awareness was merely a proxy for issue salience (or economic/policy sophistication), interest-based Heckscher-Ohlin models of trade preferences would predict that, as political awareness increases, non-graduate support for trade decreases. Instead, we find that political awareness is associated with greater support for trade openness in both graduates and non-graduates. Political awareness does more than help people connect their individual interests with trade policy; it increases the likelihood of support for liberalization.

Attitudinal predictors of trade opinion show similar effects. The interaction between ethnocentrism and political awareness, as shown in Panel 3 of Figure 1.3, demonstrates that even the most ethnocentric respondents become more likely to support trade liberalization as political awareness increases. Again, if political aware-
ness captured nothing more than salience, ethnocentric respondents, as Mansfield and Mutz (2009) point out, should become less likely to support liberalization. Similarly, a salience-based understanding of political awareness would predict that when isolationists (Panel 4 of Figure 1.3) are able to interpret questions about trade policy, they should be considerably less likely to support liberalization. Instead, we find that support for trade openness among isolationists is not depressed by higher levels of political awareness.

The pattern holds across other predictors of trade opinion. Both union members and non-union members (see Panel 5 of Figure 1.3) become more likely to support trade upon exposure to cues from elites. According to the salience model, union members, perhaps more than any other group, should become less likely to support trade as issue salience increases. But since political awareness is more than issue salience – it represents the mainstreaming effect of pro-trade elites cues – even union members become more likely to support trade.

Panel 6 of Figure 1.3 depicts a similar pattern for Democrats and Republicans. Interestingly, rather than leading to partisan polarization, political awareness is associated with increasing support for trade openness among Democrats, Republicans, and Independents alike. This is consistent with our elite influence account of trade opinion. Because, as shown in Figure 1.1 (and consistent with three decades of national party platforms included in the appendix), partisan elites are nearly indistinguishable in their support for trade openness, partisans at the mass level are likely to receive similar cues, regardless of their party affiliation. As such, while Republicans are more likely to support trade overall, even Democrats – who also receive pro-trade cues – increase their support for liberalization as political awareness increases. Income (see Panel 7 of Figure 1.3), another potential proxy for economic interest, is fur-
ther evidence for the trend. As political awareness increases, both high-income and lower-income respondents become more likely to support trade openness.

A more puzzling result is that increasing political awareness has little effect among women (see Panel 8 of Figure 1.3), but politically-aware men are much more supportive of free trade than both politically-unaware men and highly politically-aware women. This suggests that the well-known association of women with more protectionist views may derive less from women’s actual enthusiasm for protectionism than from politically-aware women’s greater resistance to pro-trade messages in elite discourse, when compared to similarly-situated men. This is consistent with research using data on support for the Canada-U.S. Free Trade Agreement, which has found that women are less responsive to economic arguments for free trade than men (Gidengil 1995; Mansfield, Mutz and Silver 2015). Still, despite previous explanations, the relationship between support of liberalization and gender warrants further research.

Finally, as a means of disaggregating the effects of political interest and awareness – separating the effects of cue exposure from those of cue comprehension – we present further results incorporating the political interest measure. This is important because our theory requires that individuals not only be exposed to elite cues on trade policy, but that they possess sufficient political awareness to both recognize policy cue content (as distinct from rhetorical content) in elite messages and to evaluate a cue-giver’s “trustworthiness” (their general level of agreement with a particular elite’s policy positions).

More concretely, individuals who are interested in politics are more likely to hear politicians discuss trade, exposing them to cues. However, although both political parties consistently support liberalization in their official positions, political elites may employ inconsistent rhetoric in their discussions of trade policy (recall the example
of President Obama’s seemingly contradictory State of the Union speech). Thus, individuals who are exposed to cues but not politically aware are unable to connect the actual trade policy positions of elites with their broader agreement (or lack of agreement) with those cue-givers. For example, if a politician votes in favor of trade liberalization but uses ambiguous rhetoric, a citizen with low awareness but high interest may be persuaded to support protectionism; by contrast, a high awareness listener is more likely to respond to the policy position cue.

Thus, we present results from model specifications incorporating an interaction between political interest and political awareness in Figure 1.4a.\(^\text{16}\) As shown in Figure 1.4a, holding political interest constant (at its median value), as political awareness (measured by political knowledge) rises, support for free trade rises in parallel. Further, Figure 1.4b depicts the effect of political knowledge on support for trade at different levels of political interest. Individuals who are exposed to more cues (high political interest) and highly aware are predicted to be the most likely to support free trade. Individuals with low awareness but high exposure are less likely to support trade relative to individuals with high awareness and high exposure because of exposure to protectionist or mixed rhetoric without sufficient awareness of cue-givers’ actual policy positions. Similarly, individuals with little exposure but high awareness are less likely to support trade than individuals who are both aware and exposed to a greater number of cues. This follows our theoretical expectation that elite influence on mass trade opinion requires cue recipients

\(^{16}\)In the interest of brevity, particularly because subsequent results from a causal mediation analysis will demonstrate substantively similar findings, we limit our discussion of these results to interpretation of Figure 1.4a. However, full results, including replication of the results contained in Table 1.1 with the inclusion of political interest can be found in the Appendix.
to be both sufficiently politically interested to receive cues and politically aware to
comprehend and accept them.

Figure 1.4: Political Knowledge - Political Interest Interaction Model

Our results provide strong and robust evidence that political awareness predicts
higher support for trade openness. Exposure to an elite discourse that overwhelmingly
favors free trade leads citizens to adopt these “mainstream” views. Moreover, we find
evidence that interests and attitudes linked in the literature to pro- or anti-trade
attitudes predict the expected attitudes conditional on political awareness. Finally,
we provide evidence that these effects are due to reception of pro-trade cues, not merely issue salience.

**Matching on Observables**

Still, although a large and productive literature in public opinion has established the importance of political awareness in predicting political behavior and attitudes, Levendusky (2011) argues that most of this literature has over-estimated its importance. Specifically, he contends that citizens with high political awareness likely differ from those with lower awareness in important ways. As a result, he employs both matching and a panel data analysis to demonstrate that the effect of political awareness on turnout and other political activities shrink substantially in size and lose significance.

Thus, we follow Levendusky (2011) in employing Coarsened Exact Matching (Iacus, King and Porro, 2011).\textsuperscript{17} However, we find that the effect of political awareness after matching remains largely unchanged, highly significant, and the single best predictor of trade opinion, as shown in Table \textbf{1.2}. We speculate that our results may differ from those in Levendusky (2011) due to the fact that our outcome of interest is a policy position, while his outcomes of interest are behavioral. In other words, it may be harder for elites to motivate actions actions (which entail some tangible cost) than to influence preferences.

**Causal Mediation**

The totality of our results suggest a strong and robust association between political awareness and trade opinion. These findings are consistent with a wide variety of scholarship in other areas of public opinion (Converse 2000; Delli Carpini and Keeter...
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*Standard errors in parentheses*

*Matched by Media Consumption and Interest*
1996; Fiorina 1981) and with well-established theory (Berinsky 2007, 2009; Zaller 1992, 1994). Further, both theory and our empirical tests (see Table 1.2) suggest that concerns about reverse-causation, i.e., that trade opinion causes political awareness, should be limited.\textsuperscript{18} That is, even when accounting for observable differences between respondents with high and low levels of political awareness, the observed association between political awareness and support for free trade remains strong and highly significant. As previously discussed, if trade opinion actually caused political awareness, it would bias against our findings as the most plausible scenario is a person becoming politically aware due to trade-related economic dislocation. In this case, political awareness would be correlated with lower support for liberalization.

However, while our preceding results have established the existence of a powerful association between political awareness and support for free trade that is unlikely to result from endogeneity, these results are only suggestive for how political awareness affects trade opinion. By interacting measures of personal attitudes and interests with political awareness, we are able to estimate “how much” influence these factors have on trade opinion, conditional on the values of political awareness. While these results offer valuable evidence, they do not allow us to explicitly model the causal mechanisms implied by our theory.\textsuperscript{19}

\textsuperscript{18}This seems particularly unlikely when one recalls how the political awareness and trade opinion variables are coded. This scenario would imply that an opinion in favor of maintaining or lowering current tariff rates would lead to higher general political awareness (e.g., the ability to correctly identify Harry Reid).

\textsuperscript{19}See discussion of mechanism testing using causal mediation versus interaction terms in Imai et al. (2011).
These mechanisms are outlined in Figure 1.5a. Members of the public are exposed to elite cues through the mass media. The extent of their exposure will vary with their level of interest in politics. Individuals must then evaluate these cues (and their sources) and decide whether or not to accept them. In order for the cue to prove influential, individuals must be sufficiently politically aware to recognize the cue-giver, understand the content of the cue, and evaluate how the cue and its source relate to their broader attitudes and interests. That is, cue recipients will determine whether to accept the cue based on how often they agree with the cue-giver as well.
as the congruence of the arguments carried in the cue with their interests and attitudes. Thus, cue recognition and acceptance will both depend on individuals’ political awareness.

The overall mechanism depicted in Figure 1.5a implies the subsidiary mechanisms shown in Figure 1.5b and Figure 1.5c as well. Consistent with HYPOTHESIS 3A, we expect that the effect of attitudes or interests on trade opinion will be at least partially transmitted through the mediating effect of political awareness. Likewise, consistent with HYPOTHESIS 3B, we expect political awareness to mediate the positive effect of exposure to elite cues on trade opinion.

To evaluate these hypotheses, we employ the approach introduced by Imai et al. (2011) to investigate the mechanisms linking political awareness and trade opinion and to test our elite influence mechanism directly.\textsuperscript{20} This application of the potential outcomes framework to causal mediation decomposes the causal effect of a treatment into the indirect effect, representing a hypothesized causal mechanism (i.e., the causal effect of the treatment that is transmitted through variation in the mediating variable) and a direct effect, constituting the causal effect unexplained by the mediated effect.\textsuperscript{21} Equivalently, the mediated, or indirect effect, estimates the change in the outcome variable resulting from changes in the mediator with treatment held constant, while the direct effect corresponds to changes in the outcome variable due to changes in treatment status with the mediator held constant (Imai, Tingley and Yamamoto, 2013). These effects sum to the total observed treatment effect. Software developed by Tingley et al. (2014) allows us to estimate the average causal mediation effects.

\textsuperscript{20}We would like to thank an anonymous reviewer for this suggestion. Since our data are purely observational, despite the stronger test of causal mediation, caution should be used in interpreting the causal claims of our results. We present this as additional evidence, not a conclusive demonstration of the causal relationship between receipt of elite cues and trade opinion.

\textsuperscript{21}See Valeri and VanderWeele (2013) for various alternative approaches.
(ACME) and average direct effects (ADE), representing the population means of the indirect and direct effects which sum to the average total effect (ATE).

Using this method, we first estimate the mediator (political knowledge) as a function of the treatment and control variables. We then estimate the outcome variable (free trade) as a function of the mediator, treatment, and control variables. The mediator model then generates two predictions for the mediator: under the treatment condition \( M_t \) and under the control condition \( M_c \). Next, the outcome is predicted under the treatment condition by using the values of the mediator predicted in the last step, first under the treatment condition \( (M_t) \) and then under the control condition \( (M_c) \). Finally, the average difference between the two outcomes is computed as the ACME and errors are estimated via bootstrapping.$^2$

Thus, in order to test the implications of hypothesis 3A, we employ free trade as our outcome variable, political knowledge as our mediating variable, and various measures of attitudes and interests drawn from the trade opinion literature as our treatment variables (e.g., college graduate, ethnocentrism, democrat). Because we have observed that the effects of political awareness and attitudes and interests are conditional (as shown in Table 1.1 and Table 1.2), we interact each treatment variable with political knowledge in each outcome model (Tingley et al. 2014; Valeri and VanderWeele 2013). These results are shown in Figure 1.6.

$^2$For a full explanation of the method, see Imai, Keele and Tingley (2010).
Figure 1.6: Causal Mediation Effects. Average causal mediation effects and proportion of total effect mediated by political knowledge of interests and attitudes on support for free trade.

Conditional ACMEs for the same interest- and attitude-based predictors depicted in Panels 2-9 of Figure 1.3 are shown in Figure 1.6a. Each point estimate reflects the effect of the treatment variable that is transmitted through the mediating variable (political knowledge) on the outcome variable (free trade). Consistent with Hypothesis 3A, the ACMEs are positive and significant, except in the case of treatment variables union household and democrat, indicating evidence for a causal pathway linking each predictor with increased support for free trade through variation in political awareness. Like the results presented in Figure 1.3, the fact that the ACMEs for union household and democrat are statistically indistinguishable from zero is consistent with expectations derived from our theory. While union members are likely to receive a different set of (more protectionist)23 elite cues than non-union members, this is not likely to vary with their political awareness. Similarly, due to the bipartisan consensus in favor of free trade, we do not expect Democrats

23Recall Figure 1.1.
to differ from Republicans or Independents in their trade opinions due to increasing political awareness.

**Figure 1.6b** shows the proportion of each treatment effect attributable to the mediating effect of political awareness. Again, as with the $ACME$s shown in **Figure 1.6a**, political awareness accounts for a substantial (and significant) proportion of the total effect of each predictor on trade opinion, except for $UNION\ HOUSEHOLD$ and $DEMOCRAT$. These results are similarly consistent with the expectations described in **HYPOTHESIS 3A**. Taken together, the results shown in **Figure 1.6** provide evidence of a causal mechanism linking attitudes and interests with trade opinion, through the mediating influence of political awareness (i.e., the causal mechanism depicted in **Figure 1.5b**).

Further, it is important to note that while these results show evidence in favor of a particular mechanism, the total effects of political awareness on trade opinion are not limited to those shown conceptually in **Figure 1.5** or empirically in **Figure 1.6**. Instead, the results presented in **Figure 1.6** isolate only the component of each treatment effect attributable to the mediation of political awareness. Thus, the results of any particular casual mediation analysis will understate the total effect of political awareness.\[^{24}\]

While up to this point consistent with previous work (See *e.g.*, Berinsky 2007, 2009; Zaller 1992, 1994), we have treated political awareness as a simultaneous measure of both cue exposure and comprehension, they are arguably theoretically distinct processes. That is, before individuals can evaluate elite cues, they must first be exposed to them (see **Figure 1.5c**). Our theory therefore implies that cue exposure should influence trade opinion *through* political awareness. Whereas the conditional

\[^{24}\]In results presented in the appendix, we model the direct effects $ADE$s of political awareness on trade opinion and find them to be positive, substantial, and highly significant.
effects of cue exposure according to political awareness shown in Figure 1.4a can
demonstrate that the effects of cue exposure varies by awareness, these results cannot
answer how this happens. That is, standard regression analysis cannot evaluate the
causal mechanisms shown in Figure 1.5c.

However, causal mediation allows us to model how the effect of cue exposure is
mediated through the effect of political awareness to influence individuals’ trade opin-
ions and thus, to evaluate HYPOTHESIS 3B (conditional on the satisfaction of sequen-
tial ignorability). To measure cue exposure, we use POLITICAL INTEREST. Because
elite cues are communicated to the public through mass media, it is reasonable to
expect that individuals who more closely follow political news will be exposed to
a greater number of cues. We expect cue exposure to predict greater support for
free trade, but more specifically, we expect this effect to be mediated through polit-
ical awareness. That is, because cue exposure is itself insufficient to influence trade
opinion, we expect that the ACME of political awareness should be not only posi-
tive, but constitute a large proportion of the total effect of political interest on trade
opinion.

As shown in Figure 1.7, while the total effect (ATE) of POLITICAL INTEREST on
FREE TRADE is positive and significant, the ADE (the unmediated effect of cue expo-
sure) is indistinguishable from zero. Further, the ACME of POLITICAL KNOWLEDGE,
the proportion of the effect of cue exposure on trade opinion that is mediated by indi-
viduals’ capacity for cue interpretation, is not only positive, but explains essentially
the entirety of the positive total effect of POLITICAL INTEREST on FREE TRADE.²⁵

²⁵Effects shown are conditional, consistent with those depicted in Figure 1.6. As previ-
ously noted, this model specification does not allow us to implement sensitivity analyses.
However, an alternative, uninteracted model specification can be found in the Supporting
Information, along with a corresponding sensitivity analysis. The results of this analysis indi-
cate that the ACME of POLITICAL KNOWLEDGE is robust to the presence of unidentified
confounders.
Thus, when individuals receive trade-related elite cues (generally pro-trade), these cues are ineffectual unless individuals possess sufficient knowledge to interpret them. While our regression results indicate that higher levels of political awareness are associated with greater support for trade liberalization, consistent with our theory of elite influence, these findings from this causal mediation analysis demonstrate how cues affect trade opinion through political awareness. These results consequently offer evidence in favor of the elite influence theory.
Figure 1.7: Conditional Effect of Political Interest on Free Trade. The conditional effect of political interest on free trade, as mediated by political knowledge. Solid markers indicate the effect on the treated (those with high political interest), while hollow markers indicate the effect on the untreated (those without high political interest). Of particular interest is that both $ACME_c$ and $ACME_t$, the mediated effects of political awareness for individuals with both low and high political interest respectively, are positive and significant, such that the overall positive and significant effect ($ATE$) of political interest is due entirely to the mediating influence of political awareness. Note that $ACME$s and $ADE$s corresponding to "opposite" treatment conditions sum to the $ATE$ (i.e., $ACME_c + ADE_t = ATE = ACME_t + ADE_c$). Point estimates are displayed with 95% confidence intervals.

1.5 Conclusions

Recent contributions to the trade opinion literature have advocated "information-based" accounts of trade preference formation. However, this research has yet to investigate the effect of information on trade preferences directly. In this article, we find that politically-aware individuals, exposed to mostly pro-trade elite cues are more
favorable towards free trade. This suggests that elite opinion is an important source of trade-relevant information for the public at large. However, it also suggests that this information is only likely to be received by a minority of the public – those most interested in and most knowledgeable about contemporary politics.

Previous work has also linked various attitudinal and demographic characteristics to distinctive patterns of trade opinion. We replicate these findings, but demonstrate that these effects are conditional on political awareness. This does not mean that these effects are spurious or unimportant to understanding trade opinion. However, our findings both clarify and complicate our understanding of the causal path between these individual-level characteristics and aggregate patterns of trade opinion.

First, they suggest that these effects are not “direct.” Consistent with extensive research on other areas of economic policy, we conclude that few people form opinions on the relatively obscure and technical matter of trade policy on their own, whether by calculating their economic self-interest, or as an expression of ethnocentrism or isolationist attitudes. Instead, these attitudes or “predispositions” (Zaller, 1992) influence their responsiveness to external cues on trade policy. For example, individuals with ethnocentric attitudes do not necessarily automatically associate trade policy with these attitudes. Instead, they are likely to be both less “susceptible” to pro-trade arguments inconsistent with ethnocentric attitudes and less likely to trust the mainstream elites making such arguments.

Second, and more generally, our findings should warn against drawing overly broad theoretical conclusions from aggregate trade opinion data. While aggregated trade opinion may give the impression of “approximat[ing] self-interest” (Fordham and Kleinberg, 2012), these patterns are driven by more politically-aware individuals and mediated through political awareness. Thus, political awareness helps to resolve
the puzzle of how a mass public made up of individuals who do not calculate policy opinions on the basis of self-interest can nonetheless appear, in aggregate, to do so.

A clear implication of our findings is that the role of elite opinion and political awareness in mass-level trade opinion merits further investigation. We have focused on American public and elite opinion data, but we expect that our findings may generalize cross-nationally. Alternatively, it may be that the salience of trade as an issue varies cross-nationally and elite influence on mass trade opinion varies with it. Further, while elite opinion on trade in the period we study is characterized by a striking consensus across the political spectrum, this has not always been the case (Goldstein and Gulotty, 2014). Studying variations in elite opinion on trade over time may yield insights into the historical development of both trade opinion and policy.

While the most obvious implications of this study are for trade opinion research, our findings suggest theoretically important implications for a broad range of IPE research. First, they suggest that the focus of theorizing for models of endogenous trade policy should shift from mass to elite interests and preferences. This has broad implications for the study of international economic integration more generally and suggests that more attention must be paid to the origins of elite preferences. Moreover, while previous work has shown that few citizens know or care much about trade policy, our findings suggest that salience may not be the permissive condition for trade liberalization. Instead, pro-trade elites’ position as sources of information may allow them to pursue additional liberalization, largely unencumbered by public opposition, regardless of issue salience. Indeed, higher issue salience may have the effect of increasing support for trade openness, regardless of individuals’ personal economic interests.
CHAPTER 2

IF YOU CAN’T SAY SOMETHING PROTECTIONIST...HOW POLITICIANS TALK ABOUT TRADE

2.1 INTRODUCTION

24 years after Ross Perot warned that the North American Free Trade Agreement (NAFTA) would create a “giant sucking sound” as it sent jobs from the United States to Mexico, trade, now through the lens of the Trans-Pacific Partnership (TPP), is once again a topical issue in the Presidential debates. In the lead up to the 2016 Michigan and Ohio primaries, all of the major party candidates moved to distance themselves from trade liberalization. In a USA Today Op-Ed, Donald Trump wrote, “The American worker is getting crushed...TPP is the biggest betrayal in a long line of betrayals where politicians have sold out U.S. workers.”\(^1\) At a March 10, 2016 debate, Ted Cruz responded to a question about his prior support for TPP by stating, “I opposed TPP and have always opposed TPP, which is what you asked about. And when it comes to trade, look, free trade, when we open up markets, helps Americans. But we are getting killed in international trade right now. And we are getting killed because we have an administration that does not look out for American workers and jobs are going overseas. We are driving jobs overseas.”\(^2\)

\(^1\)Available at http://www.usatoday.com/story/opinion/2016/03/14/donald-trump-tpp-trade-american-manufacturing-jobs-workers-column/81728584/ (accessed April 1, 2016).

The Democratic contenders made similar pronouncements. Bernie Sanders wrote, “The Trans-Pacific Partnership is a disastrous trade agreement designed to protect the interests of the largest multi-national corporations at the expense of workers, consumers, the environment, and the foundations of American democracy.”\(^3\) When asked about TPP, a deal negotiated in part while she was Secretary of State, Hillary Clinton also distanced herself: “I waited until it had actually been negotiated because I did want to give the benefit of the doubt to the [Obama] administration. Once I saw what the outcome was, I opposed it.”\(^4\) Interestingly, even Barack Obama, the architect of TPP, frames it as a way to protect the American middle class from China: “With the TPP, we can rewrite the rules of trade to benefit America’s middle class. Because if we don’t, competitors who don’t share our values, like China, will step in to fill that void.”\(^5\)

Is the 2016 election likely to be a watershed moment, moving U.S. trade policy toward protectionist retrenchment, or is this all cheap talk?

I argue that it is cheap talk and a common trend in U.S. politics. Over the last three decades, the United States has forged free trade agreements with countries on five continents, pursuing a strategy of bilateral liberalization while working within GATT/WTO to further reduce trade barriers. But throughout the same period, despite a consensus amongst economists on the desirability of trade openness, a majority of Americans — consistently over 60 percent, according to data from the American National Election Surveys and the Chicago Council on Foreign Affairs — opposed efforts to liberalize trade. Given that politicians are accountable to the


\(^5\)Available at https://www.whitehouse.gov/issues/economy/trade (Accessed April 1, 2016).
broader electorate, this constitutes a puzzle: how did the United States liberalize trade without public support?

There are two primary factors: first, trade is only a significant electoral issue in a small number of districts with an abundance of employees who work in the ever-shrinking U.S. manufacturing sector. As Guisinger (2009) illustrates, the vast majority of American voters are unaware of their representatives’ positions on trade and do not consider their personal trade opinions when choosing a candidate. Although free trade is unpopular overall, trade is also rarely salient. Thus, while legislators in heavily trade exposed districts with a preponderance of low-skilled workers may adopt protectionist policy positions, those districts are in the minority, allowing the majority of legislators far more policy space on trade.

Using data from the Wisconsin Advertising Project covering the 2002, 2004, and 2008 election years, I find that only 12% of House and Senate candidates mentioned trade in a single political advertisement, accounting for just 4% of total ad spending. In fact, although 51% of ads discussed the U.S. economy, ads that mentioned trade accounted for less than 7% of them. Unsurprisingly, trade ads were concentrated in the parts of the country with substantial manufacturing employment.

Second, trade is a complex, technical issue, making it more difficult for voters to hold politicians accountable when they do not vote in line with the economic interests of their districts. Of those trade advertisements, all but four advocated for protectionism. Even politicians who vote for trade liberalization engage in doubletalk in their political advertisements, pitching themselves, like Barack Obama in the State of the Union, as the protectors of domestic American jobs against “unfair” foreign competition. By contrast, on equally contentious but less technical issues like abortion,

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6Available at http://www.polisci.wisc.edu/tvadvertising.
I find that politicians advertise their actual positions: pro-choice politicians run pro-choice ads, while pro-life politicians run pro-life ads.

Further, I find that politicians who vote for trade liberalization when it is not in the economic interests of their constituents successfully escape punishment. I use FEC election returns to test whether politicians with more pro-trade voting records than predicted by the demographics of their constituents are punished and do not find any evidence that voters hold them accountable for their voting behavior. In other words, on highly technical issues like trade, politicians frequently attempt to vote one way while claiming credit for the other, and they are largely successful in doing so.

Given the low salience of trade in all but the most protectionist of districts, the vast majority of politicians are free to vote in favor of trade while avoiding the topic publicly, or even hypocritically painting themselves as protectionists, without fear of electoral punishment. The limited salience and technical nature of trade thus contributes to national liberalization despite public opposition.

2.2 Theory

I argue the following: first, the traditional political economy of trade research argues that national trade policy is a result of elite responsiveness to voter preferences. However, more recent work has begun to question the assumptions of elite responsiveness, finding that trade is rarely salient for much of the public. I attempt to reconcile these findings by arguing that there are few districts where politicians need to respond to and communicate with protectionist constituents. Second, for complex issues like trade, if elites are not responsive, it is easier for them to escape punishment. Finally, elites overwhelming support free trade privately. Thus, the U.S. liberalized trade despite general public disapproval because most districts do not benefit from protec-
tionism, voters are less able to hold politicians accountable for their votes on technical issues, and, when given additional policy space on trade, elites prefer liberalization. Standard theories of economic liberalization are often, whether explicitly or not, theories of political accountability and responsiveness. For example, democratic leaders pursue and ratify international trade agreements in part as deliberate signals to their constituents that they are not pursuing rent-seeking economic policies (Mansfield, Milner and Rosendorff, 2002). By advocating for economic openness, politicians insulate themselves from criticism following economic downturns. Moreover, Milner and Kubota (2005) theorize that politicians in newly democratic developing countries reduce trade barriers and enact liberal trade deals to develop a broader base of political support than could be achieved by granting favors to special interest groups. Similarly, other research argues that trade liberalization results from the mobilization of pro-trade voters who reward politicians who furnish their desired trade policies (Bailey, 2001; Kono, 2008; Özden and Reinhardt, 2005). In other words, national trade policy is determined by political leaders responding to the wants of voters: politicians supply trade policies in line with individual economic interests and use international trade institutions to send signals about those policies to their constituents.

However, this research does not directly investigate the theorized accountability mechanisms linking politicians’ actions with individual preferences on trade policy. Thus, they rely on at least two critical assumptions, both of which have been increasingly questioned by research both within IPE and more generally. First, they assume that voters are aware of how their economic interests are affected by particular trade policies. However, research by Kono (2006) suggests that much of contemporary trade policy is highly technical and difficult for citizens to understand, while Guisinger (2009) finds that trade policy is an extremely low salience political issue for ordinary
Americans. Similarly, research on economic voting demonstrates that individuals are rarely able to link personal economic interests to policy (Lewis-Beck and Stegmaier, 2000; Mutz, 1994; Sears and Funk, 1990; Sears et al., 1980).

Second, studies of trade liberalization often assume that politicians are able to make voters aware of their policy positions and actions: they are able to get credit for “good” policies and avoid blame for “bad” policies. Yet Guisinger finds that Americans are overwhelmingly ignorant of the positions taken by their representatives on trade policy issues and that they are unlikely to consider trade policy when selecting a candidate. Likewise, the large literature on blind retrospection, showing that voters punish politicians at the polls for both economic events (like import shocks) and non-economic events, including droughts, floods, football games, and shark attacks, that are beyond their control (e.g., Achen and Bartels, 2004; Bartels, 2009; Gasper and Reeves, 2011; Healy, Malhotra and Mo, 2010), seems inconsistent with the notion of effective blame- or credit-attribution assumed by the trade liberalization literature.

In a promising article, Feigenbaum and Hall (2014) test responsiveness in the context of trade policy more directly, finding that members of Congress are more likely to adopt protectionist positions on trade bills following economic shocks from Chinese import-competition in their districts. Moreover, they find that in contrast to the expectations of “blind retrospection,” voters do not seem to punish legislators whose roll call voting becomes more protectionist in response to these shocks. Feigenbaum and Hall argue that economic roll call votes are particularly salient to voters; thus, congressional representatives attempt to insulate themselves from voter retaliation by voting for protection from foreign imports. Some evidence from the American Politics literature supports their argument by demonstrating that, in some cases (i.e. particularly important bills before Congress), voters form beliefs about their representatives’ roll call votes and use those beliefs to hold them accountable (Ansolabehere and Jones,
2010; Brady, Fiorina and Wilkins, 2011). Roll call votes provide an opportunity for legislators to take a clear position on an issue and communicate that position to their constituents (Mayhew, 1974, 2004).

Feigenbaum and Hall's results contrast with Guisinger's findings which suggest that trade is a low salience issue about which citizens know little. This leaves us with a puzzle: if politicians want to communicate their trade positions in an attempt to appear responsive, either to demonstrate their commitment to liberal, non-predatory free trade policies or their support for protectionism in response to district needs, why are the overwhelming majority of voters ill-informed and apathetic about the trade politics of their representatives?

Politicians have a more direct way to communicate their positions than roll call voting: running political advertisements. Political advertising is an oft-discussed subject in political science with wide-ranging implications, affecting voter turnout (e.g., Ansolabehere, Iyengar and Simon, 1999; Ansolabehere and Iyengar, 1996; Djupe and Peterson, 2002; Lau and Pomper, 2004; Martin, 2004; Peterson and Djupe, 2005) and the way it shapes democratic citizenship (Freedman, Franz and Goldstein, 2004). Most importantly for the issue of responsiveness, recent work on the efficacy of political advertising finds that ads can actually persuade voters (Franz and Ridout, 2007; Huber and Arceneaux, 2007). Moreover, advertising helps politicians reach the least engaged and aware citizens (Claassen, 2011). Thus, if politicians aim to communicate their positions on trade to their constituents, political advertising should serve as a valuable resource.

Instead, as I discuss in the Evidence section, politicians rarely run political advertisements about trade and, when they do, the ads are virtually all protectionist in nature. Although members of Congress have largely voted to expand trade in the United States, they have also made no attempt to communicate their support for
trade to their constituents. As shown in Figure 2.1, U.S. manufacturing employment has steadily fallen over the last several decades. Given the concentration of manufacturing employment in a small number of districts, primarily situated in the rust belt, politicians only need to communicate their protectionist voting records in a few locations.

Conversely, the benefits of trade are spread more broadly across the country in the form of lower prices for consumer goods and inputs. While it is easy to make the emotional association between job losses and trade in certain districts, it may be more difficult to communicate the boon of liberalization in other locales, explaining the lack of pro-trade advertising. Given the failure of politicians to communicate their attitudes toward trade liberalization, it is unsurprising that most people are unaware of their representatives’ voting records.

Still, setting aside that politicians are generally responsive on trade, are representatives punished for failing to respond? Margalit (2011) finds areas which suffer trade-related job losses punish incumbent presidents with lower vote totals, but there is less research on voters’ ability to hold legislators accountable for their records on trade. Given the breadth of research suggesting that citizens struggle to interpret issues like trade, it is plausible that it is also more difficult to recognize and punish elected officials’ divergent voting behavior. Voters are more likely to look to elites for guidance on “hard” issues\textsuperscript{7} like trade, while relying on their own attitudes for topics with more emotional components that connect with values and beliefs (\textit{e.g.} social issues) (Petty and Cacioppo, 1981). Thus, voters should be better able to hold their representatives accountable for taking positions that conflict with their beliefs and values, rather than with issues about which they know little. As such, políticians

\textsuperscript{7}Carmines and Stimson (1980) define these as topics that are technical and unfamiliar to the general public.
Figure 2.1: Percentage of Workers Employed in Manufacturing, 1988 vs. 2008
should have more room to shape policy without fear of reprisal on issues like trade policy.

And when given additional policy space, elected officials are more likely to support liberalization. The Chicago Council on Global Affairs conducts a survey of American foreign policy every four years, including both a representative sample of the general public and a study of “foreign policy leaders," including legislators in the House of Representatives and Senate and senior members of presidential administrations.\textsuperscript{8}

As shown in Figure 2.2, political elites of both parties consistently support — at least privately — free trade.\textsuperscript{9} From 1978 to 1998 — until the trade question was reformulated — elites were more than twice as likely as the public to support liberalization. These preferences may come from behind-closed-doors lobbying efforts (Ehrlich, 2008) and campaign contributions, given that large firms stand to benefit from increased openness. Alternatively, elites may form trade preferences in much the same way as regular citizens. The people who are elected to Congress share many of the traits that the political economy of trade literature finds to be correlated with strong preferences for liberalization: they are high-skilled owners of capital, cosmopolitan, college-educated, and male. Further, they share similarly elite educational backgrounds, likely

\textsuperscript{8}Both elites and members of the public were asked the following question from 1978-1998: “It has been argued that if all countries would eliminate their tariffs and restrictions on imported goods, the costs of goods would go down for everyone. Others have said that such tariffs and restrictions are necessary to protect certain manufacturing jobs in certain industries from the competition of less expensive imports... Generally, would you say you sympathize more with those who want to eliminate tariffs or those who think such tariffs are necessary?” Beginning in 2002, elites were instead asked the following: “Which of the following three positions comes closest to your point of view? 1) I do not favor free trade. 2) I favor free trade and I believe that it is not necessary for the government to have programs to help workers who lose their jobs. 3) I favor free trade and I believe that it is necessary for the government to have programs to help workers who lose their jobs.” Members of the general public were also asked this question in 2004 and 2008.

\textsuperscript{9}Elite attitudes on trade may reflect a broader elite consensus on economic and monetary policy issues as discussed by McNamara (1999).
Figure 2.2: Elite Support for Free Trade Policies. Note that as shown by the vertical red line, the question asked changes beginning in 2002. However, while the absolute levels of support for free trade policy change with the new question formulation, the overall pattern remains consistent.
exposing them to the near universal consensus amongst economists in support of free trade (Hainmueller and Hiscox, 2006). Regardless of their motivations, they have, with limited exceptions, consistently backed liberalization over a long period.

While many lament the increasing partisanship and issue polarization in the United States, there are also benefits: when elites are polarized about an issue, the topic becomes increasingly salient and accessible for voters, allowing them to adopt more consistent positions (Levendusky, 2010) and increasing their confidence in those positions (Druckman and Slothuus, 2013). Similarly, polarization leads to more debate on the issue in question, heightening media coverage and therefore salience for voters (Dancey and Goren, 2010). However, in the case of trade, elites are broadly united in support of liberalization, restricting the room for debate and therefore public awareness of the issue. Further, elites are able to intentionally reduce the salience of unpopular policies in order to avoid public backlash (Oppermann, 2008). Finally, research on European integration finds that elite policy provision only reflects voter attitudes when those issues are sufficiently salient (Franklin and Wlezien, 1997).

Thus, trade liberalization in the United States expanded despite public opposition for three reasons: first, most electoral districts benefit from trade, and representatives are generally responsive to their constituents’ interests. Second, trade is a nuanced, technical issue that voters find difficult to interpret, making it easier for elected officials to obfuscate their voting records if they are not responsive to their constituents. Finally, numerous factors contribute to give politicians more policy space on trade — low salience, limited voter information, technical complexity, and united elite support for liberalization — and, given that elites overwhelmingly prefer trade openness, they then use that policy space to pursue free trade.
Hypotheses

I have two primary empirical expectations. First, I expect that politicians will rarely discuss trade, but when they do, it will be to highlight their protectionist voting records through political advertising in communities which are demographically disposed to oppose trade liberalization. More generally, following work by Feigenbaum and Hall (2014), Autor, Dorn and Hanson (2013), and a broad survey of work on politicians’ responsiveness to voters, I also expect that members of Congress make their trade votes in line with the economic interests of their districts. That is, as the percentages of export-oriented (import-competing) employment and high-skill (low-skill) labor in the district increase, members should be more likely to vote in favor of liberal (protectionist) trade measures.

\[ H_1: \text{Trade is not salient in most districts.} \text{ Politicians are more likely to run trade ads in areas where employment is concentrated in manufacturing and there are fewer high-skill workers.} \]

Second, I expect politicians who do not vote in line with their constituents’ economic interests on trade to avoid punishment. Most Americans are uninformed about their representatives’ positions on trade, and politicians can therefore sell themselves disingenuously through ads — pretending to support protectionism even when their voting records show otherwise — to confuse voters. Thus, I expect pro-trade politicians to either remain mum on the topic of trade or even run protectionist advertisements to avoid reprisal at the polls. In particular, I also expect that politicians are more likely to mischaracterize their positions on trade than on “soft” issues like abortion.

\[ H_2: \text{Candidates falsely advertise their positions on trade and are not punished electorally for their actual positions.} \]
I evaluate my hypotheses using economic and demographic data, congressional voting and election data, and political advertising data.

2.3 Data

To test my first hypothesis, I calculated the percentage of candidates for the House of Representatives and Senate that ran television advertisements related to international trade. The Wisconsin Advertising Project provides storyboards for all political advertisements produced in the 100 largest U.S. media markets from the 2002 and 2004 elections and all 210 U.S. media markets for the 2008 elections. To determine which ads raised international trade, I reviewed each storyboard, coding trade-related advertisements as 1 and all other ads as 0. I used a decidedly low bar: if an ad mentioned trade, exports, sending American jobs overseas, keeping American jobs in the U.S., outsourcing, trade agreements, or Fast-Track at any point — e.g., even in a string of other policy positions — I considered it a trade-related advertisement. After coding each advertisement, I aggregated the data by candidate. If a candidate had at least one trade-related ad, I coded TRADE ADVERTISEMENT 1; candidates without trade-related ads were coded 0.

I then used several data sources to calculate district-level demographic characteristics related to my first hypothesis: Decennial Census data (1990-2010), County Business Patterns data (1988-2012) provided by the Census Bureau, import and export data (1988-2012) from the U.S. International Trade Commission, and Local Area Unemployment Statistics (1988-2012) provided by the Bureau of Labor Statistics. As all of these datasets are available at the county level, I transformed the data to create a district-level dataset using weights provided by the Missouri Census Data Center’s Geographic Correspondence Engine. The Geographic Correspondence Engine identi-
fies, for each county that falls across multiple districts, the percent of the county’s population in each district. While this measure is imperfect — demographics are likely to vary within each county — it allowed me to aggregate counties into districts. If 45% of a county’s population sits in district A and 55% sits in district B, I assigned 45% of the demographic totals (e.g. the number of college graduates or manufacturing workers) to district A and 55% to district B.

First, I tested whether individual economic interest at the mass level accounts for trade advertising. The preponderance of interest-based accounts in the trade opinion literature are based on the Heckscher-Ohlin model (e.g., Dutt and Mitra, 2005; Mayda and Rodrik, 2005; Rogowski, 1989; Scheve and Slaughter, 2001), which posits that, in states where capital is abundant, owners of capital will prefer free trade. Conversely, in states where capital is scarce and unskilled labor is the abundant factor of production, owners of capital will support barriers to trade. Following prior research, I used college education as a proxy for high-skilled labor, hypothesizing that college graduates in the United States will support free trade at a higher rate than non-graduates. Using the approach described above, I calculated COLLEGE GRADUATE, the percentage of college-educated residents in each congressional district.

Additionally, I developed sector-based tests for the influence of economic interest on trade advertising. Other trade opinion researchers (e.g., Busch and Reinhardt, 2000; Hiscox, 2001; Irwin, 1994; Irwin and Kroszner, 1999), relying on the Ricardo-Viner model, argue that individuals who work in import-competing industries are more likely to oppose liberalization, regardless of their position within the industry. The County Business Patterns dataset, available yearly, provides county employment by industrial code (SIC prior to 1995 and NAICS thereafter). To identify which industries are likely to be trade exposed, I aggregated the district employment totals of all manufacturing lines at NAICS-6. I then divided the number of people who work in
manufacturing industries by the total number of people employed in the district to create \textsc{percent} \textsc{manufacturing}.

I included various demographic controls by aggregating Decennial Census and American Community Survey data into congressional districts. \textsc{high income} is the percentage of individuals in each district who are in the top nationwide income quintile. \textsc{white} is the percentage of whites in the district, \textsc{female} is the percentage of women, and \textsc{65-plus} is the percentage of individuals over the age of 65. Finally, I included \textsc{unemployment} from the Bureau of Labor Statistics \textit{Local Area Unemployment Statistics}.

Second, I attempted to find support for the responsiveness theory with an alternative dependent variable: congressional voting record on trade. The CATO Institute’s “Free Trade, Free Markets: Rating the Congress” dataset contains all congressional votes related to international trade from 1993-2014. CATO categorizes each bill as a vote on either trade subsidies or barriers and identifies the position (support or opposition) most closely aligned with free trade. I developed \textsc{free trade vote} for each senator and representative by dividing their pro-trade votes by their total trade votes.

I then regressed the demographic variables described above on \textsc{free trade vote} to determine whether politicians respond to district interests. Additionally, I used Federal Election Campaign result data (2000-2012) to identify incumbents and the political party of each member and first and second dimension DW-NOMINATE scores, a liberal-conservative measure and a north-south measure, developed by Carroll et al. (2009) to further identify individual voting tendencies.

To test my second hypothesis, that politicians are not held accountable for their trade votes, I performed a series of tests. First, I compared political advertisements about trade with those about abortion. Abortion is a similarly divisive issue for the
public, but it is more easily interpretable by voters because it draws on values and beliefs rather than technical understanding. To determine candidate voting records on trade, I again used the CATO Institute’s “Free Trade, Free Markets: Rating the Congress" dataset. In order to assess the content of candidates’ political advertising, I reviewed the storyboard for each ad in the Wisconsin Advertising Project, recording whether the ad conveyed a pro-trade or protectionist message.

I performed the same analysis with abortion, using the National Right to Life’s Legislative Scorecard to calculate PRO-LIFE VOTE, the percentage of the time a politician voted with the National Right to Life interest group. I then reviewed the storyboards for ads related to abortion in the Wisconsin Advertising Project database and coded each as either pro-life (restricting abortion) or pro-choice (opposing restrictions to abortion).

Finally, I tested whether politicians were actually punished for their support for trade. Using data from the Federal Election Commission, I identified the general election VOTE SHARE for each incumbent. I then regressed FREE TRADE VOTE on VOTE SHARE, controlling for various political and district demographic variables, to determine whether incumbents who voted to liberalize trade suffered electorally. In addition to the variables described previously, I also included PRESIDENTIAL MARGIN, the percent difference between the votes for the Democratic Presidential candidate and the Republican Presidential candidate in that district. Next, I tested whether incumbents who were considerably more supportive of trade than predicted by district demographic characteristics were punished for their positions. To perform this test, I saved the residual from the responsiveness test conducted above, therefore identifying politicians who were either more pro-trade or more protectionist than their district demographics suggested. I then regressed the residual on vote share in the full model. Finally, I assessed whether the most pro-trade members of Congress were
punished for their support for trade during economic downturns by interacting FREE TRADE VOTE with the change in the unemployment rate.

2.4 Evidence

In this section, I present analyses related to $H_1$ and $H_2$. First, I provide evidence that trade is rarely discussed in most Congressional races. Using a mix of descriptive statistics, logistic regression, and k-means clustering, I find that trade advertisements air infrequently, account for a marginal share of candidate ad spending, and are entirely focused in rust belt districts with large manufacturing workforces. Still, for the few districts where trade is a relevant political issue, politicians are somewhat responsive — regressing demographic traits on candidate voting records, I find that elected officials from manufacturing-oriented, low-skill districts are more likely to vote against trade liberalization. Next, I offer support for $H_2$: politicians publicly distort their actual voting records on trade through political advertising, and the public fails to hold them accountable. By conducting a textual analysis of all ad storyboards related to abortion and trade, I find that candidates always advertise their actual positions on abortion, but a large share of politicians who vote for liberalization — both at a higher rate than their peers in Congress and on major trade agreements — portray themselves as protectionists. Finally, I test whether trade responsiveness matters for electoral outcomes and find no evidence that incumbents are punished for adopting trade positions that are incongruent with district demographics.

First, I evaluate $H_1$, that trade is only a relevant political issue in a small number of districts. The 1,376 candidates tracked by the Wisconsin Advertising Project spent 54% of their advertising dollars on ads that referenced the U.S. economy. However, despite the obvious interest in economic issues more generally, candidates spent just
4% of their budgets on ads that referenced trade or protecting American jobs (see Table 2.1). In fact, as Table 2.2 makes clear, only 12% of candidates aired even a single ad during their campaigns that mentioned trade. Politicians do not communicate their positions on trade to their constituents with any regularity.

Table 2.1: Candidate Advertising Spending

<table>
<thead>
<tr>
<th>Issue</th>
<th>Dollars Spent</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy</td>
<td>619,361,749</td>
<td>54.36</td>
</tr>
<tr>
<td>... Trade</td>
<td>49,021,925</td>
<td>4.30</td>
</tr>
<tr>
<td>Other</td>
<td>519,993,907</td>
<td>45.64</td>
</tr>
</tbody>
</table>


Table 2.2: Frequency of Trade Advertisements

<table>
<thead>
<tr>
<th>Trade Mentioned?</th>
<th>Total Candidates</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>1215</td>
<td>88.30</td>
</tr>
<tr>
<td>Yes</td>
<td>161</td>
<td>11.70</td>
</tr>
</tbody>
</table>


Although trade is an uncommonly discussed topic overall, I expect that trade advertising will be concentrated in areas with large manufacturing sectors and low-skill workers. To identify districts that are more likely to see trade ads, I took two approaches: first, I ran logistic regressions of various demographic traits with year fixed-effects on RAISE TRADE, a dichotomous measure coded ‘1’ when a candidate ran at least one trade ad. Second, I used a k-means clustering algorithm to group congressional districts. To identify clusters, I normalized my variables of interest (e.g. manufacturing employment, college graduate, gender), along with other district traits tabulated by the Census Bureau, including measures of poverty and urban/rural population. That is, each measure was converted from a percent to its relative place within the overall distribution of districts (i.e., the number of standard deviations
from the distribution mean). The algorithm then developed clusters to minimize the sum of the squared distances between districts across the normalized variables.

Figure 2.3 visualizes the results. Highly-educated, wealthy, and urban areas grouped together in cluster 1, spanning much of the coastal Northeast, Seattle, San Francisco, Los Angeles, Houston, Chicago, Atlanta, and other major metropolitan areas across the United States. Both clusters 2 and 3 are distinct from cluster 1 in their lower overall levels of college graduates (see Figure 2.4) and more rural populations. Beyond those traits, cluster 2 spans much of the Rust Belt, carrying a relatively older, more manufacturing focused (see Figure 2.4) population than cluster 3, which is more heavily concentrated in the West and South East.
**Figure 2.4: Clusters by Education vs. Manufacturing and Income vs. Age**
As shown in Table 2.3, districts with manufacturing workers are more likely to receive trade ads, while those with college-educated workers are less likely to see ads. These results hold across both House races (see Model 1) and the universe of all House and Senate races (see Model 2). Of note, candidates for the Senate are more likely to raise trade at least once during their campaigns. The third model depicts the results of the clustering procedure. Intuitively, rust belt districts (cluster 2) are 25 percentage points more likely to see trade ads than urban, college educated districts (cluster 1). Trade ads are uncommon but predictable: politicians refrain from running ads in areas that benefit from trade but tout their protectionist credentials in areas that suffer from trade exposure.

As further evidence of this geographic trend, Figure 2.5 shows campaign advertising spending data from 2008 House races and illustrates just how infrequently politicians attempt to highlight their records on trade. Figure 2.5 also echoes the clustering results, suggesting that likely voter interest in trade policy is highly geographically-concentrated in a limited number of districts in the Rust Belt (and to a much lesser extent, in the textile-producing regions of the South), while television viewers in the vast majority of Congressional districts are wholly unexposed to trade-related political advertising.

Regarding representative responsiveness, Table 2.4 depicts the regression of various political, economic, and demographic variables on incumbent FREE TRADE VOTE. I present the results in both a pooled model and, subsequently, a model including year fixed-effects. The models depict similar results. As predicted by factor endowment models, as the percentage of college-educated residents increases, so too does the legislator’s propensity for voting in favor of positions associated with trade openness. Conversely, as district manufacturing employment increases, elected officials are more likely to adopt protectionist stances. As with other studies of the public opinion of
Table 2.3: Where Do Politicians Run Trade Ads?

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAISE TRADE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERCENT MANUFACTURING</td>
<td>0.0665</td>
<td>0.0945</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0215)</td>
<td>(0.0201)</td>
<td></td>
</tr>
<tr>
<td>COLLEGE GRADUATE</td>
<td>-0.0977</td>
<td>-0.0763</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0385)</td>
<td>(0.0345)</td>
<td></td>
</tr>
<tr>
<td>HIGH INCOME</td>
<td>0.0501</td>
<td>0.0714</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0479)</td>
<td>(0.0400)</td>
<td></td>
</tr>
<tr>
<td>WHITE</td>
<td>0.0273</td>
<td>0.0129</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.00968)</td>
<td>(0.00817)</td>
<td></td>
</tr>
<tr>
<td>65-PLUS</td>
<td>-0.0689</td>
<td>-0.0487</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0558)</td>
<td>(0.0517)</td>
<td></td>
</tr>
<tr>
<td>FEMALE</td>
<td>0.7154</td>
<td>0.6235</td>
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</tr>
<tr>
<td></td>
<td>(0.1938)</td>
<td>(0.1683)</td>
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</tr>
<tr>
<td>SENATE</td>
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</tr>
<tr>
<td></td>
<td>(0.2136)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CLUSTER 1</td>
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<td>-0.7079</td>
<td>(0.3886)</td>
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<tr>
<td>CLUSTER 2</td>
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<td>0.3460</td>
<td>(0.1016)</td>
</tr>
<tr>
<td>Intercept</td>
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<td>-34.715</td>
<td>0.545</td>
</tr>
<tr>
<td></td>
<td>(9.8148)</td>
<td>(8.4900)</td>
<td>(0.00737)</td>
</tr>
<tr>
<td>Year Fixed Effects</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Races Included</td>
<td>House</td>
<td>House and Senate</td>
<td>House</td>
</tr>
<tr>
<td>N</td>
<td>1150</td>
<td>1376</td>
<td>1150</td>
</tr>
</tbody>
</table>

Robust standard errors in parentheses
Figure 2.5: Where Do Politicians Talk About Trade? 2008 House Races
trade, higher rates of female and retirement age residents are also associated with more protectionist policies. Further, districts with a higher proportion of Caucasian residents are more likely to have pro-trade members of Congress, and, unexpectedly, districts with a higher rate of high-income residents are associated with more protectionism. This effect is surprising; high-income is typically associated with a preference for free trade or — in other studies — at least ambivalence. Nationwide measures of top income quintile, as used in my study, may be insufficient for capturing high-income locally with respect to trade opinions. Alternative measures of local purchasing power, home prices, etc. may yield different results.

Turning to the political variables, senators are more likely to vote in favor of trade liberalization than representatives. This is consistent with the political economy understanding that, as the size of the electorate increases, representatives prefer trade openness. Free trade distributes benefits broadly while adversely affecting certain populations that tend to be concentrated locally (i.e., people who work in import-competing industries); thus, representatives of broader populations are more inclined to vote for trade liberalization. Both 1st and 2nd-dimension DW Nominate scores, a liberal-conservative measure and a north-south measure, are also highly significant in predicting congressional trade voting behavior. Finally, in Models 1 and 2, Democrats appear to be somewhat more pro-trade than Republicans. This effect only exists after controlling for Nominate liberal-conservative ideal points. Model 3 depicts the political variables without Nominate scores and shows that congressional Democrats, considering party and chamber alone, are less likely to vote in favor of legislation that increases trade openness.

Figure 2.6 plots the predicted trade vote outcomes from Model 2 against the actual trade votes. In order to evaluate whether politicians are held accountable for voting out of step with their districts, I stored the residuals of Model 2. In addition,
<table>
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<th>Variable</th>
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<th>(3)</th>
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</thead>
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<td>FREE TRADE VOTE</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>PERCENT MANUFACTURING</td>
<td>-0.00242</td>
<td>-0.00147</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.000677)</td>
<td>(0.000660)</td>
<td></td>
</tr>
<tr>
<td>COLLEGE GRADUATE</td>
<td>0.00204</td>
<td>0.00175</td>
<td></td>
</tr>
<tr>
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<td>(0.000653)</td>
<td>(0.000672)</td>
<td></td>
</tr>
<tr>
<td>HIGH INCOME</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>-0.00269</td>
<td>-0.00246</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.000705)</td>
<td>(0.000713)</td>
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</tr>
<tr>
<td>WHITE</td>
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<td>(0.000207)</td>
<td>(0.000204)</td>
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<td>65-PLUS</td>
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<td>-0.00410</td>
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</tr>
<tr>
<td></td>
<td>(0.00148)</td>
<td>(0.00147)</td>
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</tr>
<tr>
<td>FEMALE</td>
<td>-0.0230</td>
<td>-0.0214</td>
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<td>(0.00396)</td>
<td>(0.00389)</td>
<td></td>
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<tr>
<td>DEMOCRAT</td>
<td>0.215</td>
<td>0.188</td>
<td>-0.171</td>
</tr>
<tr>
<td></td>
<td>(0.0251)</td>
<td>(0.0243)</td>
<td>(0.00615)</td>
</tr>
<tr>
<td>NOMINATE 1</td>
<td>0.345</td>
<td>0.318</td>
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</tr>
<tr>
<td></td>
<td>(0.0246)</td>
<td>(0.0238)</td>
<td></td>
</tr>
<tr>
<td>NOMINATE 2</td>
<td>-0.149</td>
<td>-0.154</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0104)</td>
<td>(0.0102)</td>
<td></td>
</tr>
<tr>
<td>SENATE</td>
<td>0.102</td>
<td>0.101</td>
<td>0.0789</td>
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<tr>
<td></td>
<td>(0.0147)</td>
<td>(0.0145)</td>
<td>(0.0140)</td>
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<tr>
<td>Intercept</td>
<td>1.418</td>
<td>1.377</td>
<td>0.545</td>
</tr>
<tr>
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<td>(0.200)</td>
<td>(0.194)</td>
<td>(0.00737)</td>
</tr>
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</table>

<table>
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<tr>
<th>Year Fixed Effects</th>
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<th>Yes</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>1819</td>
<td>1819</td>
<td>2333</td>
</tr>
</tbody>
</table>

Robust standard errors in parentheses.
Figure 2.6: Predicted Trade Vote Outcomes. See Model 2, Table 2.4) Plotted Against Observed Trade Vote Outcomes.
I identified congressmen who were at least two standard deviations more pro-trade than expected (the standard deviation of the residual is .12046).

In summary, politicians are responsive to local interests on trade policy. However, they only communicate their responsiveness in a small number of import-competing districts — overall, candidates spent little on trade advertisements and rarely addressed the issue in their campaigns. This, in part, explains why most Americans are uninformed about where their elected officials stand on trade liberalization.

Next, I evaluate $H_2$, that politicians both make and get away with cheap talk on trade. Another reason that Americans are largely unaware of their elected officials’ trade votes is that politicians who support free trade either do not advertise their positions or run deliberately misleading ads with protectionist language. As depicted in Table 2.5, less than 1% of trade spending featured content that highlighted the benefits of liberalization. In fact, only two politicians, Jim DeMint and Jeanne Shaheen, ran ads that clearly identified them as pro-trade, emphasizing exports and a changing workforce, and two others aired more ambiguously liberal sentiments; every other ad carried a protectionist message. There is no surface-level evidence that legislators who supply trade openness attempt to claim credit for their pro-trade votes; instead, politicians only seem interested in claiming credit for protectionism.\footnote{For more evidence that pro-trade politicians are less likely to run trade-related advertisements, see Appendix.}

<table>
<thead>
<tr>
<th>Issue</th>
<th>Dollars Spent</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro-Trade</td>
<td>415,169</td>
<td>0.85</td>
</tr>
<tr>
<td>Other</td>
<td>48,606,756</td>
<td>99.15</td>
</tr>
</tbody>
</table>


What is notable, however, is that credit-claiming for protectionism is not limited to protectionist politicians. In fact, 24\% of the incumbents who ran protectionist
advertisements had voting records in the most liberal half of their congressional peers. More telling, 49% of those who ran protectionist ads and served in Congress in 2005 voted in favor of CAFTA, and four of the eleven who were in Congress in 1993 voted for NAFTA. George Voinovich (R-OH) was in the top quartile of the Senate with respect to his pro-trade voting record and voted for CAFTA. He characterized his stance on trade in a series of ads to his constituents, one of which stated, “No one’s done more to protect and create jobs for Ohio families than Senator George Voinovich...Senator Voinovich is fighting to stop outsourcing of jobs and unfair foreign competition.” Dave Camp (R-MI) voted for both NAFTA and CAFTA but ran an ad while up for re-election that noted, “It’s tough in Michigan right now, and we all know it. Enforce our trade laws...so the best jobs stay right here in America.” During the 2008 election, Larry Kissell, running for the House of Representatives in NC, stated that Robin Hayes (R-NC) voted for NAFTA. Robin Hayes then devoted an entire ad to attacking Kissell’s credibility: “Why can’t we trust Larry Kissell? Kissell attacked Robin Hayes for voting for NAFTA, but Hayes wasn’t even in Congress for that vote...you just can’t trust Larry Kissell.” Robin Hayes may not have been in Congress for NAFTA, but he did, in fact, vote for CAFTA. These elected officials were not being responsive to their constituents and then claiming credit for their votes; they were seeking recognition for positions that they did not take.

To gauge whether this behavior was typical for both technical issues like trade and belief/value oriented topics, I compared trade with abortion advertising. Overall, social issues, like abortion, are far less common topics for political advertisements than economic issues. Still, 12% of candidates aired ads that discussed abortion in the 2002, 2004, and 2008 elections — the same share as trade. Unlike trade, candidates claimed credit for both pro-choice and pro-life positions, though more politicians emphasized their pro-life credentials (80%). Moreover, incumbents’ advertisements were largely
congruent with their voting records. All of the candidates who aired advertisements that mentioned being pro-life or restricting abortion voted with the National Right to Life, an interest group that lobbies to eliminate or reduce access to abortion, more than 89% of the time, with three exceptions: candidates who stated their opposition to late-term abortions. Consistent with their advertisements, those representatives voted in favor of the Partial-Birth Abortion Ban Act of 2003. Similarly, all of the candidates who aired pro-choice ads voted with the National Right to Life less than 36% of the time. Further research could investigate the extent to which this phenomenon holds for other technical vs. value issues, but in the case of trade and abortion, the result is unambiguous: liberals frequently run protectionist ads, but candidates always acknowledge their actual voting records on abortion rights.

Finally, Table 2.6 assesses whether voters actually hold their representatives accountable for trade votes. I do not find any evidence to support this hypothesis. Model 1 regresses incumbent free trade vote on general election results; pro-trade congressmen did not suffer electorally. Model 2 provides a better test, interacting incumbent free trade vote with unemployment increase, an indicator of whether the district experienced an increase in the unemployment rate over the previous two years. Pro-trade incumbents from districts that suffered economic downturns were no more affected at the polls than protectionists. Alternatively, Model 3 examines whether incumbents who voted more consistently in favor of trade openness than predicted by the responsiveness model were punished by voters. As with overall trade voting records, I do not find evidence that voters punish legislators whose trade votes are incongruent with district demographic interests. Finally, Model 4 provides the strongest test, identifying congressmen who were at least two standard deviations more pro-trade than predicted by the responsiveness model and interacting them with the change in the unemployment rate. I would expect that areas which
<table>
<thead>
<tr>
<th></th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
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</thead>
<tbody>
<tr>
<td><strong>FREE TRADE VOTE</strong></td>
<td>0.00161</td>
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<td></td>
<td></td>
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<td>(0.02177)</td>
<td>(0.03104)</td>
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<td></td>
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<td>(0.02061)</td>
<td>(0.02013)</td>
<td>(0.02027)</td>
</tr>
<tr>
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<td>(0.00081)</td>
<td>(0.00082)</td>
</tr>
<tr>
<td><strong>NOMINATE 2</strong></td>
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<td>0.0007215</td>
<td>0.0007044</td>
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<td>(0.0001882)</td>
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<td>(0.0001881)</td>
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<tr>
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<td>(0.01166)</td>
<td>(0.01146)</td>
<td>(0.0115)</td>
</tr>
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<td>(0.000611)</td>
<td>(0.000609)</td>
<td>(0.000611)</td>
</tr>
<tr>
<td><strong>COLLEGE GRADUATE</strong></td>
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<td>(0.00065)</td>
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<td>(0.000227)</td>
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<tr>
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<td>(0.00051)</td>
<td>(0.00051)</td>
<td>(0.00051)</td>
</tr>
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Robust standard errors in parentheses

Shown with Year Fixed Effects
experienced a declining employment rate would punish incumbents with considerably more pro-trade voting records than expected. However, I again find no evidence that voters punish legislators for their trade votes. I ran additional models to test whether running trade advertisements helped incumbents overcome their free trade voting, challenger trade ads, or protectionist demographics, but found, similarly, no effect (see Appendix).

It may be that Guisinger (2009) is correct: voters are rarely aware of their representatives’ trade records and thus fail to hold them accountable, and, given the evidence, it is understandable that voters are ill-informed. Congressmen who make unpopular votes on trade compensate by avoiding the topic entirely in their political discourse and, when they do advertise a position on trade, portray themselves as protectionists. Moreover, in the vast majority of districts, trade is not sufficiently salient to warrant even a single mention in a political advertisement from either challengers or incumbents. While high-information voters are likely aware of their representatives’ trade votes, political advertising is most persuasive for low-information voters (Claassen, 2011); thus, there is little hope that low-information voters will be able to connect legislators with their trade attitudes. Although legislators appear to, in many cases, represent the trade needs of their districts, it is notable that others do not. And when they do not, voting in favor of trade liberalization despite their constituents’ economic interests, lack of trade salience gives legislators more policy autonomy on trade openness, explaining, in part, how the United States liberalized trade despite public opposition.
2.5 Conclusion

While politicians are somewhat responsive to voter interests on trade, only the protectionists are willing to talk about it. The conventional wisdom is that politicians liberalize trade as a signal to their constituents that they are good stewards of the economy. Instead, politicians appear to deliberately prevent voters from receiving that signal. Over three election cycles, only 12% of candidates featured a single advertisement related to trade, and less than 1% of trade ad spending featured pro-trade content. Pro-trade legislators are content to vote for liberalization in Congress and avoid the issue on the campaign trail; still others produce advertisements that endorse protectionism, despite their repeated votes for trade liberalization.

Moreover, politicians largely get away with running trade ads that contradict their actual positions. In the case of abortion, an immediately comprehensible issue to the average voter, elected officials truthfully advertised their records; in the case of trade, a technical issue about which Americans have thought little, free-traders ran ads claiming to be protectionists — in some cases, immediately before or after voting for major trade deals like CAFTA. This is not a one-election cycle phenomenon, nor is it limited to presidential election years. Elected officials have no compunction about supporting trade legislatively and then feigning contempt for "unfair foreign competition" that "sends jobs overseas." In the case of the 2016 Presidential campaign, expect trade talk at stump speeches in Michigan and ads in Ohio, but do not brace for the end of liberalization. Politicians who support free trade have a long history of using protectionist rhetoric. By fall 2016, candidates at all levels will run ads in trade-exposed areas highlighting their protectionist bonafides — real or imagined — but, from a policy-making standpoint, those words mean little. Further, it is unlikely
that their constituents will be sufficiently informed about trade policy to hold them accountable.

False advertising, low issue salience, and lack of accountability help explain why U.S. trade policy has consistently moved toward expanded openness despite public sentiment that prefers protectionism. Politicians are unbound by voter trade preferences in most circumstances as few legislators are actually forced to address the issue politically. In the districts with strong protectionist tendencies, politicians will be more inclined toward tariffs or — at least — pay lip service to those concerns with protectionist advertising. But in the vast majority of districts nationwide, politicians can vote for trade without broader scrutiny.

Still, this raises another puzzle: if most politicians are not voting for trade policies in order to win votes, what are the origins of political elites’ trade preferences? Future research on the origins of elite trade preferences could help resolve this puzzle. My research demonstrates that politicians are largely unmoored from the wants of voters with respect to trade policy. Identifying the sources of their preference for trade openness will help explain the last thirty years of U.S. trade politics.
CHAPTER 3
NO, NO THEY CAN’T TAKE THAT AWAY FROM ME: WHY STRATEGICALLY IMPORTANT STATES ARE MORE LIKELY TO USE THE GENERALIZED SYSTEM OF PREFERENCES

3.1 INTRODUCTION

In 1968, the United Nations Conference on Trade and Development (UNCTAD) agreed to implement “a generalized, nonreciprocal and non-discriminatory system of preferences in favour of the developing countries, which would assist the developing countries to increase their export earnings and so contribute to the acceleration of their rates of economic growth...as soon as possible” (UNCTAD, 1968). By giving exporters in developing countries preferential access to markets in developed countries, UNCTAD hoped to bolster trade and, with it, growth. Six years later, the United States authorized the Generalized System of Preferences (GSP), permitting beneficiary countries to export qualifying products to the United States at lower than Most Favored Nation (MFN) tariff rates without demanding reciprocal rates for U.S. goods. However, despite the obvious benefits, the average beneficiary claimed U.S. GSP on just 60% of eligible products over the last fifteen years.\footnote{This calculation compares goods that entered the U.S. under GSP with GSP-eligible goods that did not enter under a preferential trade program. It excludes GSP-eligible goods that entered under alternative trade schemes (e.g. the African Growth and Opportunity Act and the Caribbean Basin Initiative). Additionally, it excludes competitive need limitations, cases in which the United States terminates or limits GSP benefits for a country along a given product line when that product (1) accounts for more than 50 percent of the total} What explains the gap in utilization?
One common answer is that GSP is not entirely costless because the program imposes various administrative requirements on exporters. For example, in order to receive GSP duty rates, an exporter must be able to comply with the Rules of Origin requirement, meaning that its articles “must be the growth, product, or manufacture of [the beneficiary country], and the sum of the cost or value of materials produced in the [the beneficiary country] plus the direct costs of processing must equal at least 35 percent of the appraised value of the article at the time of entry into the United States” (Office of the United States Trade Representative, 2012, ap. 11, sec. 6). Because of this requirement, exporters must assess whether they benefit more from foreign inputs or the reduced duty rate offered by GSP. Thus, numerous economists find that exporters use GSP when the preferential margin, the difference between MFN and GSP tariff rates, exceeds the cost of compliance (including Rules of Origin and other administrative rules associated with GSP).

We argue that this is only part of the story. In addition to administrative costs, exporters must also consider a political price: conditionality. As required by the WTO, U.S. GSP is nondiscriminatory, meaning that the U.S. must provide identical treatment to goods from all similarly-situated beneficiary countries (WTO, 2004a, par. 173). But although U.S. GSP is nondiscriminatory, participation in the program is subject to a range of conditions related to labor rights, intellectual property rights, and other factors. If a country fails to comply with these conditions, the President can suspend the beneficiary, rendering it temporarily ineligible for GSP benefits. The tariff preferences granted under GSP were never meant as a substitute for membership

value of U.S. imports for that product or (2) exceeds a certain dollar value ($155 million in 2012) (Office of the United States Trade Representative, 2012, ch. 4). If the country received a competitive need limitations waiver, allowing preferential access for their product despite exceeding the import ceiling, or a de minimis waiver, granting preferential access because the U.S. imports only a small quantity of the good, the value is included in the calculation (UNCTAD, 2010, ch. 3).
in the multilateral trading system. When GSP started in the early 1970s, grantors needed a “waiver” from the General Agreement on Tariffs and Trade (GATT), and recipients wanted disciplines on the program’s conditionality. The 1979 “Enabling Clause” took care of the first concern, but the second, which has received little scholarly attention, stood out as a serious challenge. This is because GSP is an exception to the GATT/WTO, not an obligation; rich countries are not required to offer these tariff preferences, and can attach conditionality. And yet, recipients, most of whom were not members of the GATT/WTO, wanted the Geneva-based institution to limit this conditionality. Through rules and adjudication, they expected the GATT/WTO to make GSP nondiscriminatory in the sense that, while conditionality would apply, it would apply in the same way, and under the exact same circumstances, to all recipients who were members of the GATT/WTO, and perhaps even more generally.

But despite the wishes of developing states, conditionality exists and inhibits GSP utilization. Just as developed countries have successfully tied trade agreements to the human rights (Hafner-Burton, 2013) and workers’ rights (Lim, Mosley and Prakash, 2015) standards of their partners, so too has the United States used GSP to influence its beneficiaries. Prior research has shown that GSP beneficiaries are more likely to pledge not to turn over Americans to the International Criminal Court (Kelley, 2007). Further, GSP recipients are less likely to retaliate against the United States for certain types of trade sanctions (Sykes, 1992). The United States can leverage GSP in this manner because it is not an obligation; it is conditional on subjective standards, and there is a credible threat of suspension. In fact, the U.S. suspended or removed 18 countries from GSP for reasons of conditionality.²

Thus, because the U.S. links GSP to politics through conditionality, exporters must price the risk of suspension or removal into their decisions about whether to

²Data provided by the United States Office of the Trade Representative.
use it. We argue that states that are strategically important to the United States —
democracies, allies, major aid recipients, and states that are wedded to the U.S.-led
liberal order, as evidenced by their similarities in UN voting records, for example
— should have higher rates of GSP utilization than those who do not because of
the lesser risk of suspension or removal. Exporters are more likely to change their
business practices when there is less risk that the costly modifications will be for
naught. Additionally, we argue that, if the WTO encourages GSP grantors to apply
conditionality in the same way to all member states, WTO membership should further
reduce the political price of using GSP. Thus, we expect WTO members to use GSP
at higher rates than non-members.

Our paper proceeds as follows. First, we provide background on GSP and review
the requirements and costs associated with the program. We then explain our argu-
ment: suspension and removal from GSP are credible threats that the United States
uses as leverage in achieving its political goals. In addition to the administrative costs
of GSP, exporters in states that are not strategically important to the U.S. price in
the risk of suspension when deciding whether to use the program. Finally, we test
our theory using fifteen years of product-level U.S. import data from the U.S. Inter-
national Trade Commission. We find that democracies, WTO members, and states
which are strategically important to the U.S. are more likely to use GSP on a per
product basis. Further, we find that the gap between GSP use for democracies and
nondemocracies shrinks with the preference margin. In other words, exporters treat
this risk as just another cost: if the administrative costs plus the risk of suspension
are less than the benefits conferred by the preference margin, exporters use GSP. If
not, they export under MFN.
3.2 Argument

GSP use is limited by its administrative costs. A broad literature demonstrates that exporters use GSP when the tariff savings from the preference outweigh the costs of compliance with GSP requirements. We argue that, in addition to these considerations, exporters also price conditionality — and the subsequent fear of suspension or removal — into their decisions about whether to take advantage of GSP. If exporters shift their business models to capitalize on GSP only to later lose access to the preferential rate, they are forced to pay the costs without reaping the benefits. Thus, firms incorporate this risk into the decision to use GSP. Exporters in countries which are strategically important to the United States, e.g. democracies, allies, recipients of substantial official development assistance, and states which share the global vision of the U.S., are less likely to feel apprehension over the potential loss of benefits. Additionally, we argue that the WTO, by encouraging GSP grantors to apply conditionality consistently across beneficiaries, increases member utilization. Hence, we provide an estimate of how strategic importance and institutional participation insulate preference beneficiaries from conditionality.

Administrative Costs of GSP Utilization

U.S. GSP has a broad reach, allowing roughly 5,000 products from 130 developing countries to enter the United States duty-free. However, over the last fifteen years, the average country claimed GSP rates on just 60% of eligible products.\(^3\) While the U.S.

\(^3\)This calculation compares goods that entered the U.S. under GSP with GSP-eligible goods that did not enter under a preferential trade program. It excludes GSP-eligible goods that entered under alternative trade schemes (e.g. the African Growth and Opportunity Act and the Caribbean Basin Initiative). Additionally, it excludes competitive need limitations, cases in which the United States terminates or limits GSP benefits for a country along a given product line when that product (1) accounts for more than 50 percent of the total value of U.S. imports for that product or (2) exceeds a certain dollar value ($155 million in
does not impose penalties or fees for using GSP, the process for exporting goods under the GSP is not costless. To claim GSP, an importer who is receiving GSP-eligible goods need only write the letter “A” before the Harmonized Tariff System number (HTS) on the entry documentation (Office of the United States Trade Representative, 2012, ch. 2 sec. C). But in order to be eligible for GSP, a product must meet U.S. Rules of Origin requirements: the imported good “must be the growth, product, or manufacture of a [developing country], and the sum of the cost or value of materials produced in the [developing country] plus the direct costs of processing must equal at least 35 percent of the appraised value of the article at the time of entry into the United States” (Office of the United States Trade Representative, 2012, ap. 11, sec. 6). The exporter may also have to determine the appraised value of the article in the United States by considering, for example, “(1) the packing costs incurred by the buyer; (2) any selling commission paid by the buyer; (3) the value of any assist; (4) any royalty or license fee that the buyer is required to pay as a condition of the sale; and (5) the proceeds of any subsequent resale, disposal, or use of the imported merchandise that accrue to the seller” (Office of the United States Trade Representative, 2012, ap. 11, sec. 6).

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2012) (Office of the United States Trade Representative, 2012, ch. 4). If the country received a competitive need limitations waiver, allowing preferential access for their product despite exceeding the import ceiling, or a de minimis waiver, granting preferential access because the U.S. imports only a small quantity of the good, the value is included in the calculation (UNCTAD, 2010, ch. 3).

4Importers previously had to file a “Form A” in order to receive the GSP rate, but that requirement was eliminated of late (Office of the United States Trade Representative, 2012, ch. 2, sec. C).
Of course, tracking and documenting is just a small part of the cost of compliance. The 35% local content rule requires some exporters to rethink their entire production and sourcing strategies: if the bulk of the exporter’s costs are associated with inputs, they will have to source those inputs locally instead of purchasing the least expensive option (Hakobyan, 2010). This does not affect all firms equally. An exporter who produces and ships raw materials could easily meet the 35% requirement. But an exporter who relies on imported materials may prefer the cost savings from cheap foreign inputs to the preferential rate. Further, if the exporter wants to consider imported materials as part of the required 35%, it must prove that the source materials were “substantially transformed” into different materials that were then used to produce the GSP-eligible article (Office of the United States Trade Representative, 2012, ap. 11, sec. 6). In other words, an exporter in Ghana could not use Canadian lumber to build a table and claim the cost of the lumber as part of the 35% minimum; however, it could transform the wood into paper, use the paper to create a book, and then claim the cost of the Canadian lumber.

An additional expense is that, to be GSP-eligible, products must be shipped directly from the beneficiary country to the U.S. without passing through any other country (Office of the United States Trade Representative, 2012, ap. 11, sec. 7). Finally, Customs and Border Protection requires exporters to submit a GSP declaration with summary cost information, and exporters must maintain the supporting documentation described above for five years. The exporter must also be able to submit the documentation within 60 days of a request from Customs (U.S. Code. (2015) 19 USC § 2462, N.d.).

Despite the burdensome Rules of Origin requirements, exporters still claim GSP. The logic is straightforward: exporters will claim GSP if the preference margin, the difference between MFN and GSP tariff rates, is greater than the administrative costs.

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Numerous studies empirically demonstrate the link between the preference margin and overall utilization of nonreciprocal preference programs — the greater the margin, the more likely exporters are to use the preferential rate (Bureau, Chakir and Gallezot 2007; Candau, Fontagne and Jean 2004; Hakobyan 2010, looking specifically at U.S. GSP). Given that preference margins are tied to utilization, administrative costs are often calculated in the GSP economics literature as revealed preferences: preference utilization ($u$) is a function of the preference margin ($t$) less the administrative costs ($c$). If costs are perfectly accounted for, when $t > c$, $u$ should be 100% because the exporter is better off paying the administrative costs to meet Rules of Origin requirements and receive the preferential rate. Conversely, if $c > t$, $u$ should be 0% because the exporter would be better off avoiding the administrative costs and accepting the MFN rate. For a simple illustration, if utilization was 100% whenever the preference margin was 5% and above and 0% whenever the preference margin was less than 5%, a rough guess would put the administrative costs for the program at 5%.

In practice, costs vary by product, firm, country, and numerous other factors; thus, researchers use modeling to predict utilization and estimate costs. A growing cohort of GSP researchers has identified a range of economic explanations for inconsistent and limited preference utilization. Francois, Hoekman and Manchin (2006), applying traditional gravity model variables, demonstrate that nonreciprocal preference programs across the OECD are underused and estimate average costs to the exporter at 4%. Manchin (2006), using a similar approach for EU preferential programs, produces congruent results. Examining nonreciprocal preference programs across Europe, including EU GSP, Agostino (2010) find that these administrative costs largely prevent beneficiary countries from reaping the benefits of the reduced tariff rates. Other scholars estimate the utilization dampening effects of specific rules. For example, Carrere and de Melo (2004) estimate that, when applied, certain rules reduce prefer-
ence utilization by as much as 21%. Indices of restrictiveness are available for both NAFTA (Estevadeordal, 2000) and EU preferential schemes (Carrere, 2006), though these measures suffer from various limitations (Inama, 2009). Scholars thus attempt to estimate the extent to which the administrative costs of various tariff regimes inhibit utilization. More recent work argues the costs are overstated and that utilization is both a function of preference margins and export volume — the larger the shipment, the more likely it is that the exporter will use the preference (Keck and Lendle, 2012). Taken as a whole, there is a robust literature that shows exporters weigh the costs of compliance against the savings from the preference margin when deciding whether to claim nonreciprocal preference programs like U.S. GSP. The central findings of research to date are intuitive: as the preference margin and export volume increase, so too does preference utilization.

Costs of Conditionality

Still, while this economic story is intuitive, we argue that it leaves out a critical political component: conditionality acts as a hidden cost for exporters on U.S. GSP. GSP was never meant as an alternative to the GATT/WTO, and yet its compatibility with the multilateral trading system is legally awkward. GSP required a “waiver” from MFN under the GATT/WTO — known as the Enabling Clause — but rich countries are not required to offer these one-way tariff preferences, and poor countries were not required to be GATT/WTO members in order to qualify for them. When the United Nations Conference on Trade and Development met in New Delhi in 1968 to launch GSP, it was hoped that the programs on offer could be made more consistent and transparent, and that developing countries would make greater use of these tariff preferences as a result.
While grantors debated what the template of GSP would look like, recipients were preoccupied with conditionality. It was clear that, while the GATT/WTO might help discipline GSP, rich countries would not be prevented from attaching conditionality as they saw fit. The main worry was (and is) suspension or removal from the program. Despite the requirement of nondiscrimination, beneficiaries must adhere to a range of conditions, including “taking steps to afford to workers in that country... internationally recognized worker rights,” “providing adequate and effective protection of intellectual property rights,” and “[reducing] trade distorting investment practices,” or risk being suspended from U.S. GSP (U.S. Code. (2015) 19 USC § 2462, N.d., sec. B-C). When countries are in a position to demand political concessions in exchange for tariff relief, they are likely to exploit that advantage (Carnegie, 2014).

Further, suspension is not an idle threat. The U.S. suspended 13 countries for violating workers’ rights, including Nicaragua (1987), Paraguay (1987), Romania (1987), Chile (1988), Sudan (1991), Belarus (2000), and Bangladesh (2013). The U.S. also suspended Argentina (2012) for failing to comply with two rulings adjudicated under the U.S.-Argentina bilateral investment treaty and removed benefits from India (1992), Argentina (1997) and Ukraine (2001) for intellectual property rights violations. That the U.S. ties politics with GSP, supposedly a trade-as-aid program for developing countries, is not lost on its beneficiaries. As Brazil complained to the WTO, “GSP is a tool of foreign policy of developed countries...” (WTO, 2004b).

Developing countries could see the writing on the wall and tried to curb GSP conditionality from the start. Many were heard at the UNCTAD meeting in New Delhi insisting that there should be no GSP conditionality at all. In the run-up to the 1999 WTO Ministerial, Cuba, the Dominican Republic and Honduras even pro-

\(^5\)Data provided by the Office of the U.S. Trade Representative.
posed that “[p]reference-giving countries shall not subject preferential market access to conditionalities, whether trade-related or not, in order to comply fully with the provisions of the Enabling Clause,” and should “not initiate any form of unilateral action against preference-receiving countries, including through ‘warnings,’ ‘watch lists,’ ‘priority watch lists’ or any other form of discriminatory characterization” (WTO, 1999). India has long objected that “there is an attempt to give concessions under their GSP scheme subject to recipient governments committing to comply with certain environmental/labour standard norms. This is in violation of the ‘enabling clause’ of GATT relating to GSP which clearly sets out that GSP must be non-discriminatory, non-reciprocal and generalized” (WTO, 1998, 4). More generally, the GATT Council, in 1995, observed that recipients worried about “new conditions under some GSP schemes, as well as changes regarding beneficiary countries of GSP schemes” (WTO, 1995, Section VII). When asked to rule on GSP conditionality, however, the WTO upheld it. In EC-Tariff Preferences, filed by India, the Appellate Body urged that grantors should “ensure that identical treatment is available to all similarly-situated GSP beneficiaries,” but this does not preclude suspending a recipient for violating the grantor’s legislation (WTO, 2004a, paragraph 173).

Numerous scholars have shown trade to be a successful tool for changing partner behavior in other issue areas. Preferential trade agreements (PTAs) that tie human rights standards to market access improve human rights behavior in repressive states (Hafner-Burton, 2005). These PTAs do not achieve human rights reforms through persuasion or shared economic norms; instead, they “bully” despots into capitulating to U.S. policy aims in exchange for economic benefits (Hafner-Burton, 2013). Further, the more dependent developing states are on trade, the more likely they are to accede to the preferences of their trading partners with respect to workers’ rights (Lim, Mosley and Prakash, 2015).
GSP is no different. Critics of GSP note that conditionality leaves beneficiary countries subject to the political wants of grantor states (Silva, 2011), and its existence presents challenges for the long-term stability of the preferences (Zappille, 2011). Further, scholars have identified various linkages between GSP participation and the adoption of policy positions which benefit the United States. U.S. GSP beneficiaries are more likely to sign agreements with the United States pledging not to hand American citizens over to the International Criminal Court (Kelley, 2007). As another example, recipients of GSP are less likely to retaliate for trade sanctions imposed by the United States under Section 301 of the 1974 Trade Act, as amended (Sykes, 1992). There is a host of evidence that the United States is able to leverage policy adoption with promises of market access — or threats of suspension or removal of that access in the case of GSP.\(^\text{6}\)

If this logic of influence-through-trade is correct — if GSP truly changes beneficiary state behavior through the risk of suspension — exporters should price that risk into their decision to claim GSP benefits. As discussed, GSP, while ostensibly free, imposes substantial costs on exporters by requiring them to fulfill Rules of Origin requirements and maintain a host of documentation about their goods and means of

\(^{6}\)In addition to conditionality, the President can “graduate” a country from the program, revoking their GSP status, by either defining it as a “high-income country” or conducting a review of its “advances in economic development and trade competitiveness” (Office of the United States Trade Representative, 2012, ap. 11, sec. 5). While graduation is influenced by far more objective criteria than conditionality, it too appears subject to political whims. For a recent example, immediately after Russia’s invasion of Crimea in 2014, Congress began to criticize its status as a GSP beneficiary (Jones, 2015). Russia annexed Crimea on March 18, 2014. Addressing Congress on May 7, 2014, less than two months later, President Obama announced that Russia would be graduated from GSP because it was “sufficiently advanced in economic development and...trade competitiveness” (U.S. Congress House Committee on Ways and Means, May 7, 2014). The President officially graduated Russia on October 3, 2014 (Federal Register, October 8, 2014) — notably, GSP benefits were lapsed when President Obama made his announcement. Even still, the U.S. signaled its displeasure by removing future benefits from Russian exporters. U.S. GSP, with a host of subjective stipulations for suspension and graduation, is a perfect tool for linking trade with politics.
production. The local content rules require some exporters to change their suppliers, manufacturing strategies, and other central elements of their businesses. These are not short-term, meaningless changes. Thus, exporters in countries that are at greater risk of suspension or removal from GSP must, in addition to the preference margin, also consider the possibility that their goods will lose GSP status, requiring them to bear the administrative burdens of the program without reaping the benefits of preferential tariff rates.

Given that the WTO insulates its member states from conditionality by mandating identical treatment across GSP beneficiaries, we expect that exporters in WTO member states will be more likely to use GSP, on a per product basis, than exporters in non-member states. WTO members, protected by the rules and laws of the institution, should have less to fear from GSP suspension, and this should be evident in the decision-making of their firms. By contrast, exporters in non-WTO member states must apply a risk premium to the administrative costs of compliance, reducing their incentive to comply with and use GSP.

**Strategically Important States Are Less Subject to Conditionality**

At its core, the Generalized System of Preferences functions as a “trade as aid” program. Exporters in beneficiary states receive aid through GSP tariff relief, making their products more competitive in grantor states. And, congruent with other aid programs, conditionality is not unique to GSP. Donor states and institutions like the World Bank have long attached conditions to aid agreements in order to reform economic management, governance, and human rights in developing states (see Collier et al. (1997), for example).

However, when it comes to holding developing states accountable for the imposed conditions, strategically important countries receive special treatment. Scholars mea-
sure strategic importance to the United States through various means: shared votes records at the United Nations (Andersen, Harr and Tarp 2006; Kilby 2009) and formal alliances (Girod and Tobin, 2016). Additionally, countries which are strategically important to the United States tend to receive larger allocations of U.S. aid (Bermeo, 2016), and the U.S. prefers to fund democracies and democratizing states (Alesina and Dollar, 2000).

So-defined strategically important states derive numerous benefits. Countries with ties to the United States are more likely to receive loans from the International Monetary Fund (Andersen, Harr and Tarp, 2006) and receive fewer terms and conditions on the disbursements (Stone, 2011). Further, once loan agreements are in place, those states are also less likely to have future disbursements withheld for failing to comply with the conditions of both IMF loans (Stone, 2002) and World Bank structural adjustment assistance (Kilby, 2009). In other words, allies and friends of the United States continue to receive aid despite failing to comply with the associated conditions.

We expect to find evidence of these same dynamics in GSP conditionality. Just as strategically important states are less subject to conditionality in other forms of aid, so too with GSP. Strategically important states have little cause to fear suspension or removal from the program; thus, we hypothesize that exporters will use GSP at a higher rate, controlling for product, in countries that are politically wedded to the U.S. Again, this dynamic should be evident in the behavior of developing country exporters. All beneficiary firms must consider the administrative costs of GSP compliance. But exporters in states that are not strategically important to the United

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7Numerous other researchers, including Neumayer (2003) and Meernik and Poe (1998) similarly demonstrate the strategic nature of aid dispersal and conditionality. Even measures of situational strategic importance, temporary seats on the UN Security Council, for example, confer immediate aid benefits (Dreher, Sturm and Vreeland, 2009).
States also face the risk of removal, forcing them to shoulder the disadvantages of GSP compliance without the favorable preference.

As we describe in the subsequent section, we measure strategic importance through several channels in order to demonstrate robustness. First, we identify democracies and states that are more aligned with the U.S.-led liberal order, as evidenced by their voting at the United Nations (Bailey, Strezhnev and Voeten, 2015), as strategically important. Additionally, we use recipients of significant shares of U.S. development aid — e.g. Afghanistan in the mid-2000s — as a further proxy for strategic importance. The United States is committed to the development of those countries through aid financing and would therefore be unlikely to simultaneously remove GSP benefits while funding the regime through aid. Additionally, the U.S. is further unlikely to strip its allies of preferential tariff rates.

We contrast these measures of political strategic importance with economic ties to the United States. Given the nature of GSP, a benefit conferred to less developed states, the U.S. is unlikely to bend conditionality because of the economic importance of beneficiaries, states which, by definition, have relatively smaller, weaker economies. Still, we capture interlocking economic arrangements by examining states with U.S. FDI and those with additional preferential trade agreements with the United States.

We do not expect this finding to supplant the research conducted on the economic determinants of preference utilization. Instead, we expect that exporters will make precisely the calculations described by the literature, using GSP when the costs of compliance are lower than the benefits of duty-free rates and when shipping large volumes of product. However, we argue that the risk of suspension is an additional political calculation that exporters consider in their cost/benefit decisions on whether to use GSP. Thus, we expect that the difference in utilization between states with U.S.-aligned values and others will be most pronounced when there is little to no preference
margin and shrink as the gap between MFN and GSP rates increases. If GSP provides only a modest improvement over the MFN rate, exporters in non-democracies will be more sensitive to the possibility of suspension and forgo the preference in order to avoid the costs. This difference in utilization is the price exporters assign to suspension risk. Conversely, if the preferential rate is substantially better than the MFN rate, exporters will be more likely to shoulder the costs and accept the risk of suspension in order to benefit from participation. This article is the first to add a political explanation to the economic stories surrounding the reasons for limited GSP utilization.

3.3 Data

To test our hypotheses, we use U.S. International Trade Commission (USITC) import data from 1997-2011 (United States International Trade Commission, 2016).\footnote{For 1997-2011, the USITC provides country and product eligibility for both GSP and GSP+. However, for 1989-1996, the USITC neither provides GSP+ eligibility nor disaggregates GSP imports into GSP and GSP+. This is a substantial limitation of the pre-1997 data; articles from numerous states may have been ineligible for GSP+ treatment during that period, but our analysis would treat their lack of GSP exports as a failure to use GSP. Thus, our primary results reflect the data available from 1997-2011.} The USITC provides, at the year, country, and product level (to HTS-8), all imports to the United States, along with a designation indicating whether the article was claimed under a special import program. To calculate GSP Utilization, our dependent variable, at the product level, we divide the total value of each article that entered the U.S. under the GSP or GSP+, a supplemental program that allows for duty-free import of additional products from least-developed countries, with the value of the same article that entered the U.S. under the GSP or without a preferential trade program. If an article entered the U.S. under an alternative trade scheme, we do not
include it in the analysis. We only compare the decision to use GSP with the decision to export without a preferential tariff rate.

Moreover, we exclude all cases where countries were ineligible for GSP treatment under a certain product line. For example, the U.S. places competitive needs limitations, eliminating or restricting GSP benefits when an article from a particular country (1) accounts for more than 50 percent of the total value of U.S. imports of the article or (2) exceeds a certain dollar value ($155 million in 2012) (Office of the United States Trade Representative, 2012, ch. 4). However, if the country received a competitive needs limitation waiver or a *de minimis* waiver, we include it in our analysis.

To assess whether WTO members have higher rates of GSP utilization than non-members, we construct WTO membership. The WTO provides accession dates for all of its members (WTO, 2016). We considered all states WTO members beginning in their year of accession to the WTO.

We measure political ties and strategic importance to the United States through a series of variables. First, we include democracy. The Polity IV Project provides a 21-point scale of institutional governing authority for each country in our dataset. Following the coding rules provided by the Polity IV Project, we flag states as democracies in years where they have a Polity IV score of six or more (Polity IV Project, 2014). As discussed previously, we expect that democracies and other strategically important states will use the GSP at a higher rate due to concerns over conditionality.

Another tool for evaluating strategic importance is identifying countries which curry favor with the United States by adhering to their preferences and endorsing their positions at international institutions. Alternatively, states may merely share U.S. values, aligning themselves with the U.S. global economic order, on a host of
issues, fostering a closeness that could reduce the risk of GSP suspension. As such, we include IDEAL POINT DIFFERENCE, the distance in United Nations General Assembly voting mean ideal points between the United States and each GSP recipient (Bailey, Strezhnev and Voeten, 2015). Although exporters are unlikely to track votes taken at the United Nations, they should have a general understanding of where their nation sits with respect to the liberal world order. This measure is an appropriate proxy for this relationship.

U.S. aid provides an additional proxy for strategic importance. States that receive a large share of foreign aid from the United States may be more insulated from the risk of suspension, owing to the closeness of their relationship. Thus, we obtained official development assistance (ODA) flows from the United States to GSP recipients using the OECD’s International Development Statistics Database (IDS) (Organization for Economic Cooperation and Development, 2016b). For each country-year, we calculated the SHARE OF U.S. AID provided to each GSP recipient. Formal alliance is a final proxy for strategic importance. U.S. allies should have less concern over suspension or removal from GSP. The Alliance Treaty Obligations and Provisions Project (ATOP) tracks various forms of alliances formed between states from 1815-2003 (Leeds and Long, 2002). We flag all countries with accords with the United States as U.S. ALLIES.

As controls, we include two of the main predictors of preference utilization found in the literature. Most fundamentally, we calculate the MFN-GSP PREFERENCE MARGIN, the difference between the MFN tariff rate and the duty-free rate provided by exporting under GSP. We use the World Bank’s World Integrated Tariff Solution database to determine the average duty rates (available at HTS-6) for all products entering the United States under MFN or a special import program and subtract the GSP rate from the MFN rate (World Bank, 2016). Consistent with prior research
on preference margins, we expect that GSP utilization increases with the size of the margin. As Keck and Lendle (2012) propose, we also include the export volume for each year-country-product, the total value of the product exported from a given developing country to the United States (available from United States International Trade Commission (2016)). Following Keck and Lendle (2012), we expect that the more a country exports of a given product, the greater the likelihood that the exporter claims GSP.

Of course, as Keck and Lendle (2012) and others highlight, there are numerous product lines with high rates of preference utilization despite low preferential margins. This is because rules of origin requirements do not place equal burdens across sectors and products. Certain products and firms may be able to comply with rules of origin requirements with little effort, while, for others, the hurdles may be prohibitively expensive. Thus, since administrative costs are not distributed evenly across all products, it is unsurprising that some products with low marginal preferences (comparing MFN to GSP duty-free treatment) still use the available GSP preference at a high rate. However, on balance, the larger the margin of preference and volume of article shipments, the greater the likelihood that exporters utilize GSP. To account for inconsistent incentives to use GSP across articles, we include product controls (at HTS-8) in all regressions.

We also consider a range of economic and political variables that could partially explain GSP utilization. Exporters from states with large economies may be better equipped to comply with rules of origin requirements and overcome the hurdles of GSP; thus, we include GSP in constant dollars (logged in all specifications) in our models as log GDP (World Bank, 2015). Similarly, countries which are highly reliant on exports may have better support for their exporters, and we therefore include exports as % of GDP (World Bank, 2015).
Strategic behavior, either by exporters or their states, may also affect GSP utilization. For example, GSP-eligible products are periodically cited in U.S. antidumping (AD) or countervailing duty (CVD) claims by domestic U.S. firms. The United States International Trade Administration Enforcement and Compliance Division investigates these claims and, if it determines that the items are unfairly traded, levies appropriate trade remedies in the form of supplemental duties on the article(s) in question. When a particular article appears in an investigation, suggesting that U.S. firms are lobbying the government for increased duties on the product, exporters may be more reluctant to pursue GSP treatment in an attempt to dissuade the United States from removing the product from GSP in the future. To identify all U.S. AD/CVD investigations, we use Chad Bown’s Global Antidumping Database (GAD) and flag all product lines that were subject to U.S. investigative proceedings as AD/CVD INITIATION (Bown, 2015).

Finally, we compare political strategic importance to measures of economic ties to the United States. States with substantial foreign direct investment (FDI) from the United States may have greater GSP utilization as U.S. multinationals use the preferential rates to maintain a low-cost supply chain for domestic manufacturing. We use Organization for Economic Cooperation and Development (2016a) Bilateral FDI Statistics data to capture the U.S. FDI stock % of GDP for the countries in our dataset. Additionally, we construct an analogous measure for overall FDI positions, FDI stock % of GDP, using UNCTAD (2014) investment data. We do not have strong priors about the role of total FDI in GSP utilization — while U.S. multinationals may take advantage of GSP by incorporating developing country subsidiary firms into their production strategy, the benefits for foreign firms are less clear, beyond the general value of the preference. Additionally, we assess whether states that are party to supplemental preferential trade agreements are more likely to use GSP. The
Design of Trade Agreements (DESTA) Database contains all preferential trade agreements signed since 1945 (Dur, Baccini and Elsig, 2014). Using the DESTA data, we construct PTA for all countries who are party to a preferential trade agreement with the United States. Given the size and relative economic strength of GSP beneficiaries, we do not expect these ties to affect conditionality in a similar manner to political bonds with the United States.

3.4 Evidence

In this section, we present a series of models and graphs using USITC year, country, and product import data. Each observation represents the percentage of imports along a product line (HTS-8) from a GSP-eligible developing country in a given year that entered the United States under the GSP or GSP+. Again, we only compared products that entered the U.S. under GSP with imports that did not enter under a preferential trade program. Given the structure of our data, our models are estimated with year, country, and product fixed effects.

We find evidence to support two hypotheses: WTO members and states that are strategically important to the United States have higher rates of GSP utilization. We attribute this finding to the risks of suspension from U.S. GSP. While numerous economists have characterized the decision to use GSP as a simple trade-off between administrative costs and preferential margins, we argue that exporters must also price in a political consideration: the risk of suspension. As GSP may require some exporters to substantially modify their sourcing of inputs, modes of production, shipping routes, and document retention policies, exporters must consider the possibility that their structural changes will be for naught — with GSP removal or suspension, exporters
suffer the additional burdens of GSP compliance without the benefits of duty-free market access.

Table 3.1 depicts a series of fixed-effects models that investigate the role of strategic importance and WTO membership in GSP utilization. Turning first to the controls, all specifications include a one-year lag of GSP utilization. Once an exporter complies with GSP rules of origin requirements, they have every incentive to continue using the program (unless the exporter undergoes a change that alters their administrative cost vs. duty-free benefits calculus). Therefore, we expect prior year utilization to be a strong predictor of GSP use. Unsurprisingly, prior year utilization is positively associated with GSP utilization in all models, and the results are highly significant. Next, following prior research, we also find that preference margins are correlated with GSP utilization — the greater the difference between MFN and GSP rates, the more likely exporters are to take advantage. This is consistent with all prior economic research on GSP utilization. If the preferential margin is greater than the administrative costs of compliance, exporters have every incentive to restructure their operations in order to comply with GSP. As the MFN rate increases, so too does the likelihood that the pain of compliance is worth the reduction in duties. Similarly, our model bears out the additional insight provided by Keck and Lendle (2012): the larger the shipment, the more likely it is to receive GSP treatment. Much like the preference margin, this is an uncomplicated story of incentives. If an exporter needs to ship a massive quantity of an article, the benefits of a small tariff adjustment from GSP become magnified by the volume of the export. The two primary explanations of GSP utilization from the economics literature hold, controlling for lagged GSP utilization.

Next, we include both GDP and exports as a percentage of GDP to control for economic size and structure, at least with respect to exports. While GDP is a consistent
predictor of export volume in gravity models of trade, the size of a country’s economy is not positively related to GSP utilization, holding all else constant. Similarly, countries that depend on exports at a higher rate for their overall economic performance are not substantively different from those that do not, though the results are significant. As these are product-level observations, the types and volumes of exports are far more important to GSP utilization than the size of the economy — exporters make decisions on the basis of tariff rates, shipment size, and administrative costs of compliance with GSP on a product-to-product basis. Again, we are not modeling the relationship between these variables and overall export flows; we are estimating the share of each product that entered the U.S. under GSP. Countries with large economies may have fewer products with high rates of utilization given the breadth and diversity of exporters, each with their own calculations about the value of complying with the necessary requirements to obtain reduced tariff rates.

With respect to the political variables, both WTO members and democracies use GSP at a higher rate than non-WTO members and non-democracies. In particular, the difference between democracies and non-democracies is highly statistically significant, and, as we will show, robust to numerous specifications. While the substantive effect may appear small at a glance — a democratic WTO member uses GSP, on average, about three percentage points more than a non-democratic state that is not part of the WTO — GSP accounted for nearly $300 billion of goods over our period of analysis. More specifically, over $70 billion in GSP-eligible goods from non-democracies entered the U.S. without a preference. In other words, even a one percentage point difference in utilization rates between democracies and non-democracies could result in $700 million of GSP-eligible goods from non-democracies entering the U.S. without a preference and $2.1 billion worth of goods with a three percentage point difference. Although the difference in GSP usage is slight — non-democracies use the GSP just
Table 3.1: GSP Utilization for Democracies and WTO Members

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Robust standard errors in parentheses

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108
a few percentage points less than democracies on a per product basis — because of the staggering volume of imports, the aggregate impact is substantial. Thus, the individual risk-based calculations of exporters prevent billions of dollars worth of goods from receiving preferential tariff rates.

For a country-level example, Yemen, a non-democracy and non-WTO member — Yemen became a WTO member in 2014, after our period of analysis — had a roughly average utilization rate of 57 percent from 1997—2011. During that same time period, Yemen had nearly $1 billion of GSP-eligible goods that entered the U.S. without a preference. Had Yemen been a democratic WTO member, we estimate that an additional $30 million in goods would have received GSP treatment. Moreover, this omits any lost sales to the United States as a result of the inability to claim the preferential rate; it only captures goods that were still imported despite the lack of a preference. Equatorial Guinea, another non-democratic non-WTO member, exports large volumes of petroleum and petroleum-related products to the United States, and, despite frequent GSP use, still does not take full advantage of the program. For Equatorial Guinea, three percentage points of utilization translates to an additional $200 million of product entering the U.S. under the GSP. Of course, national level utilization rates are muddled by product mixes, unique firm qualities, and other country-specific circumstances. To this end, we control for product and country fixed effects in all models — countries vary considerably. Some non-democracies, like Namibia, Mozambique, and Kazakhstan, receive GSP rates on over 90 percent of their GSP-eligible shipments, as do democracies like Paraguay, Ghana, South Africa, and Latvia. By contrast, importers claim GSP on less than half of the eligible products from Iraq, Azerbaijan, Angola, Chad, and the Dominican Republic. Despite the marked variation across countries, the effects of conditionality can make a pronounced impact.
Notably, as depicted in Models 2–3, these differences are more pronounced when the preferential margin is low. Of course, when there is little to no difference between MFN and GSP rates, overall utilization is lower; as that gap widens, GSP utilization increases because the administrative cost vs. reduced duty calculation becomes more favorable for the exporter. Since exporters from non-democracies price in the additional risk of suspension, they are even more sensitive to the margin. As Figure 3.1 shows, when there is no preferential margin, utilization rates are 2.4 percentage points higher for democracies. But as the preferential margin widens, non-democracies close the gap. Figure 3.2 plots similar estimates, comparing GSP utilization rates of democracies who are WTO members, democracies who are not WTO members, non-democracies who are WTO members, and non-democracies who are not WTO members across different preferential margins with 95% confidence intervals. As predicted, when preferential margins are low, democracies who are WTO members have the highest rates of GSP utilization, followed by democracies who are not WTO members. Non-democracies are estimated to have a substantial gap in utilization at low margins but close it at rates of 5-6%.

Still, democracy is often used as a blunt instrument in cross-national studies and is a limited proxy for strategic importance. Beyond democracy, if exporters fear the risk of suspension from U.S. GSP, those in states that are strategically important to the United States should also feel more at ease, free to modify their production strategies in order to take advantage of the preferential trade program. We tested this with a series of models in Table 3.2. First, as shown in Model 1, countries who receive a greater percentage of overall U.S. official development assistance have higher rates of GSP utilization. While businesses may not know the specific amount of aid received by developing states, the knowledge of a substantial aid relationship may create the perception of close ties to the U.S. As the variable represents the total share of U.S.
Figure 3.1: GSP Utilization for Democracies and Non-Democracies by Preference Margin
Figure 3.2: GSP Utilization for Regimes and WTO Members Relative to Preference Margin
development assistance received by each country, the coefficient is sizable, representing the estimated additional GSP utilization of a state that received the entire aid budget of the U.S. In practice, beneficiary countries receive far more modest allocations. Further, countries that vote with the United States at international institutions like the United Nations may be perceived as lesser risks for suspension — either for reasons of quid pro quo or, alternatively, because of a shared global vision to that of the United States. Model 2 shows the effect of United Nations voting ideal point distance between each GSP beneficiary and the United States on GSP utilization. As the distance between GSP recipient and U.S. ideal points increases, GSP utilization decreases, ceteris paribus. Additionally, as depicted in Model 3, U.S. allies have higher rates of GSP utilization than non-allies. In concert with the other evidence presented, this suggests that strategic importance to the United States influences the decision for exporters to restructure production in order to capitalize on the Generalized System of Preferences.

However, while political ties to the United States are correlated with GSP utilization, we do not find a similar effect for economic relationships. First, as shown in Model 4, states with higher rates of U.S. foreign direct investment as a percentage of GDP, indicating that U.S. multinationals are a larger share of their economies, are statistically indistinct from those with a lesser share of U.S. FDI as a percentage of GDP. We theorized that U.S. firms would contribute to higher rates of GSP utilization as exporters of source materials to vertically integrated partners further up the supply chain, but U.S. multinationals appear to have the same incentives as other firms in developing countries. Whether the firm is U.S. owned or based locally, if the preferential margin exceeds the administrative costs of GSP, exporters use the preference. Similarly, as shown in Model 5, exporters in states that have a preferential trade agreement with the United States utilize GSP at the same rate as those that do
Table 3.2: GSP Utilization and Ties to the United States

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</tr>
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<tr>
<td></td>
<td>(0.1433)</td>
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<td></td>
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<tr>
<td>UN Ideal Point Distance</td>
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<td>.0059</td>
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<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>(0.0048)</td>
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<td>Alliance</td>
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</tr>
<tr>
<td></td>
<td>(0.0219)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. FDI (% of GDP)</td>
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<td></td>
<td></td>
<td>.0273</td>
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<td>(0.043)</td>
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<td>AD/CVD Investigation</td>
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</tr>
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</table>

N: 179,666
Year, Country, and Product Fixed Effects: Yes

Robust standard errors in parentheses
Shown with Year Fixed Effects
not. Finally, we speculated that exporters may be reticent to use GSP (or importers to claim preferences) for products that were recently the subject of anti-dumping and countervailing duty disputes. As shown in Model 6, this does not appear to be the case. Products undergoing AD/CVD investigations are indistinct with respect to GSP utilization from those that are not.

Following a method suggested by Gelman and Hill (2006), we include a series of figures to assess the robustness of our findings. These graphs are visual depictions of 79 different specifications of the models including democracy (Figure 3.3), the interaction between regime type and the preferential margin (Figure 3.4), WTO membership (Figure 3.5), aid share (Figure 3.6), UN ideal point difference (Figure 3.7), and alliance (Figure 3.8). The variables included in each model are listed in the Appendix. Each dot represents the parameter estimate for the variable of interest, and the attached lines provide the 95% confidence interval for that estimate. All models are estimated with fixed effects. As shown, the results for democracy and the interaction between regime type and the preferential margin are robust across nearly all specifications: democracy has a consistently positive effect on GSP utilization, and the interaction between the tariff margin and democracy is slightly negative, suggesting that the differences between democracies and non-democracies with respect to GSP utilization are overcome as the preferential margin increases. Additionally, the other measures of strategic importance show similar trends. Aid is significant and consistently signed across all specifications, and ideal point difference is nearly as robust a predictor, showing a consistent negative effect on GSP utilization. Alliance is significant across 80 percent of the models, but, taken as a whole, the four measures of strategic importance are robustly correlated with GSP use. Controlling for democracy, WTO membership is consistently signed but fluctuates in significance across
specifications. The models are identical across the six figures, except all regressions depicted in Figure 3.4 include democracy and the preference margin main effect.

In summary, state politics affect exporter behavior. Exporters from WTO member states and countries that are strategically important to the United States, whether it is measured through democracy, substantial provision of foreign aid, voting at the United Nations, or formal alliances, are more likely to take advantage of the Generalized System of Preferences. GSP, like a trade agreement, is a tool of state influence. GSP recipients are more likely to sign agreements with the United States to withhold Americans from the International Criminal Court and less likely to retaliate against the U.S. for trade sanctions. Failure to comply with the interests and values
Figure 3.4: Parameter Estimates for Democracy*Preference Margin Across 79 Specifications
Figure 3.5: Parameter Estimates for WTO Across 79 Specifications

Figure 3.6: Parameter Estimates for Aid Share Across 79 Specifications
Figure 3.7: Parameter Estimates for Ideal Point Difference Across 79 Specifications
of the United States poses meaningful risks for suspension, removal, or graduation from GSP. Additionally, we find evidence supporting the premise that the WTO insulates member states from conditionality. While this finding is less robust than the strategic importance measures, it still suggests a relationship between the variables. These findings are not the sole reason for limited GSP utilization; instead, we also find support for the two primary economic theories of utilization, preferential margins and export volume. However, exporters price in more than compliance costs to their decisions on whether to use GSP: they also consider political risk.
3.5 Conclusion

The Generalized System of Preferences provides one-way tariff preferences to developing countries, ostensibly as a form of aid. Developing country exporters who comply with the various administrative requirements of the program gain preferential access to the enormous U.S. market, while the U.S. receives no discernable benefit in return. However, by attaching conditions to the duty-free access granted under GSP, the United States can use GSP as a foreign policy tool to achieve its aims and punish unwanted behaviors. Thus, while developing countries gain a meaningful boon for exporters, the U.S. is not wholly magnanimous in its participation — GSP also exists as a carrot for adhering to U.S. interests. Exporters, recognizing that GSP benefits can be removed at any time for reasons beyond their control, must consider this risk when deciding whether to reorient their businesses to take advantage of GSP.

This has two primary implications: first, the conventional wisdom on GSP utilization is that, when the administrative costs of GSP are less than the benefits derived from duty-free treatment of their products, exporters use the program. However, large shares of GSP-eligible products enter the U.S. under MFN or worse rates, presenting a lingering puzzle for scholars of GSP: is utilization only limited by administrative costs, or does something else contribute to less-than-universal use of the program? Our research suggests that part of the gap in utilization can be explained by the risks brought on by conditionality. Thus, future research on GSP utilization should, in addition to refining economic explanations through better measurement of compliance costs, also consider possible political accounts.

Second, conditionality comes with meaningful externalities for exporters from developing countries. When GSP beneficiary states lobbied against conditionality at the UNCTAD meeting in New Delhi, they correctly identified that it would impose
costs inhibiting the trade-as-aid nature of the program. Prior research shows that
GSP has adverse unintended consequences: GSP beneficiaries trade less overall and
are also less likely to reduce tariffs while participating in the program. The presence
of and costs from conditionality call even the central conceit of GSP — that it exists
as an aid program for developing country exporters — into question.
CHAPTER 4

APPENDIX

4.1 SUPPLEMENTAL INFORMATION FOR "ATTENTION MUST BE PAID"

POLITICAL AWARENESS CODING PROCEDURES

In this section, we describe how the political awareness index is constructed for each
ANES cross-section analyzed in our study. Here, we follow coding conventions estab-
lished by Zaller (1992), though we do not replicate his political awareness indices
precisely. Following Zaller, we observe these conventions:

1. Each “test” item has been given equal weight in the index.

2. As above, indices are constructed as simple additive scales.

3. Responses of “don’t know” were coded as incorrect responses.

1986:

An eight-point scale, as follows: ability to name political offices held by George H.W.
Bush, William Rehnquist, Tip O’Neill, Robert Dole, partisan control of the House
and Senate and placement of Democrats (as left-of-center) and Republicans (as right-
of-center) on an ideological scale. The index, standardized to vary between 0 and 1,
has a mean of 0.45 and a standard deviation of 0.26.
1988:

An eight-point scale, as follows: ability to name political offices held by Margaret Thatcher, William Rehnquist, Mikhail Gorbachev, James Wright, partisan control of the House and Senate and placement of Democrats partisan control of the House and Senate and placement of Democrats (as left-of-center) and Republicans (as right-of-center) on an ideological scale. The index, standardized to vary between 0 and 1, has a mean of 0.43 and a standard deviation of 0.23.

1990:

An eight-point scale, as follows: ability to name political offices held by Dan Quayle, Margaret Thatcher, William Rehnquist, Mikhail Gorbachev, Tom Foley, partisan control of the House and Senate and placement of Democrats partisan control of the House and Senate and placement of Democrats (as left-of-center) and Republicans (as right-of-center) on an ideological scale. The index, standardized to vary between 0 and 1, has a mean of 0.43 and a standard deviation of 0.22.

1992:

An eight-point scale, as follows: ability to name political offices held by Dan Quayle, William Rehnquist, Boris Yeltsin, Tom Foley, partisan control of the House and Senate and placement of Democrats partisan control of the House and Senate and placement of Democrats (as left-of-center) and Republicans (as right-of-center) on an ideological scale. The index, standardized to vary between 0 and 1, has a mean of 0.52 and a standard deviation of 0.27.
1996:

An eight-point scale, as follows: ability to name political offices held by Al Gore, William Rehnquist, Boris Yeltsin, Newt Gingrich, partisan control of the House and Senate and placement of Democrats partisan control of the House and Senate and placement of Democrats (as left-of-center) and Republicans (as right-of-center) on an ideological scale. The index, standardized to vary between 0 and 1, has a mean of 0.63 and a standard deviation of 0.26.

1998:

An eight-point scale, as follows: ability to name political offices held by Al Gore, William Rehnquist, Boris Yeltsin, Newt Gingrich, partisan control of the House and Senate and placement of Democrats partisan control of the House and Senate and placement of Democrats (as left-of-center) and Republicans (as right-of-center) on an ideological scale. The index, standardized to vary between 0 and 1, has a mean of 0.57 and a standard deviation of 0.27.

2000:

An eight-point scale, as follows: ability to name political offices held by Trent Lott, William Rehnquist, Tony Blair, Janet Reno, partisan control of the House and Senate and placement of Democrats partisan control of the House and Senate and placement of Democrats (as left-of-center) and Republicans (as right-of-center) on an ideological scale. The index, standardized to vary between 0 and 1, has a mean of 0.48 and a standard deviation of 0.26.
2004:

An eight-point scale, as follows: ability to name political offices held by Dennis Hastert, William Rehnquist, Tony Blair, Dick Cheney, partisan control of the House and Senate and placement of Democrats partisan control of the House and Senate and placement of Democrats (as left-of-center) and Republicans (as right-of-center) on an ideological scale. The index, standardized to vary between 0 and 1, has a mean of 0.54 and a standard deviation of 0.28.

2008:

Because open-ended question responses had yet to be coded for the 2008 ANES, we were unable to use name recognition items for 2008. As a result, we constructed a four-point scale, as follows: partisan control of the House and Senate and placement of Democrats partisan control of the House and Senate and placement of Democrats (as left-of-center) and Republicans (as right-of-center) on an ideological scale. The index, standardized to vary between 0 and 1, has a mean of 0.46 and a standard deviation of 0.34.
Descriptive Statistics

In Table 4.1 we present pooled descriptive statistics for the data used in our analyses.

Table 4.1: ANES Summary Statistics: 1986-2008

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<tr>
<th>variable name</th>
<th>mean</th>
<th>sd</th>
<th>median</th>
<th>min</th>
<th>max</th>
</tr>
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<td>0</td>
<td>1</td>
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<td>0</td>
<td>1</td>
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<td>1</td>
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<td>100</td>
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**Additional Model Specifications**

In this section we present alternative model specifications to demonstrate the robustness of our results. **Table 4.2** and **Table 4.3** display regression results for model specifications including respondent age as a control variable. The addition of `AGE` as a control variable has little impact on our findings, which remain substantively identical.

In **Table 4.4**, we present results from a fully interacted model, in which each right hand side term is interacted with `POLITICAL_AWARENESS`. While it can be difficult to interpret the results of such models, our findings are largely reproduced in these model specifications.
Table 4.2: Political Awareness with Age (1) - ANES 1986-2008

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<td></td>
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<td>(0.032)</td>
<td>(0.582)</td>
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</tr>
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<td>(0.001)</td>
<td>(0.000)</td>
<td>(0.000)</td>
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<td>-0.267</td>
<td>-0.268</td>
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<td>(0.000)</td>
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N = 5778

p-values in parentheses
Shown with Year-Level Fixed Effects
### Table 4.3: Political Awareness with Age (2) - ANES 1986-2008

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<td>(0.134)</td>
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</tr>
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N = 5778

*p*-values in parentheses

Shown with Year-Level Fixed Effects
Table 4.4: Fully Interactive Models - ANES 1986-2008

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<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
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N: 7042

p-values in parentheses
Shown with Year-Level Fixed Effects
INTERACTION EFFECTS DIAGNOSTICS PLOTS

In this section we present the results of diagnostic tests developed by Norton, Wang and Ai (2004), which produce plots of both marginal effects (calculated as the cross derivative of the expected value of the dependent variable) and z-statistics (calculated based on the estimated cross-partial derivative rather than the coefficient of the interaction term) over the range of predicted probabilities. Because, as Ai and Norton (2003) have shown, coefficient values, standard errors, and even marginal effects calculations for interaction terms in nonlinear models can be misleading, we use the inteff software developed by Norton, Wang and Ai as an additional validity check on the magnitude and statistical significance of the interaction effects described in the main body of our article. In the following, we present diagnostic plots for each of the interaction effects employed in our analysis.

The top panel in each figure depicts the distribution of marginal effects (calculated as the cross derivative of the expected value of the dependent variable – in this case, FREE TRADING) plotted in green over the range of predicted probabilities (expected values) and labeled “correct interaction effect”. A curve depicting the marginal effects of the product term alone is plotted in red and labeled “incorrect interaction effect”. The more closely that the distribution of green dots follows the red curve, the more accurately the regression coefficient represents the true marginal effect. The bottom panel plots z-statistics of the full interaction term over the range of predicted probabilities. These plots show how statistical significance varies across the range of predicted probabilities, allowing us to evaluate the robustness of our findings.

We find that in general, our findings are extremely robust. With the exception of the UNION HOUSEHOLD×POLITICAL AWARENESS term, the product term coefficients reported in Table 1.1 in the main text were accurate representations of the
marginal effects, as calculated by cross-partial derivatives. Similarly, of the significant conditional effects reported in Tables 1 and 2 (main text), only the ETHNOCENTRISM × POLITICAL AWARENESS interaction appears to be insignificant over any noticeable portion of the range of predicted probabilities.

Readers may be more familiar with similar diagnostic tools recently developed by Hainmueller, Mummolo and Xu (2016) to address similar concerns in the interpretation of multiplicative interaction terms for linear estimators. We are very sympathetic to this approach, but unfortunately cannot apply their specific suite of diagnostics, as they currently only support estimators for continuous outcomes. In order to employ them, we would have to make extremely strong assumptions of linearity that are nearly identical (if not in fact, even more heroic) than the assumptions their diagnostics are designed to assess!
Figure 4.1: College Graduate × Political Awareness Interaction Effects

Figure 4.2: Female × Political Awareness Interaction Effects
Figure 4.3: Democrat × Political Awareness Interaction Effects

Figure 4.4: Republican × Political Awareness Interaction Effects
Figure 4.5: Ethnocentrism \( \times \) Political Awareness Interaction Effects

Figure 4.6: Internationalism \( \times \) Political Awareness Interaction Effects
**Figure 4.7: Income × Political Awareness Interaction Effects**

**Figure 4.8: Union Household × Political Awareness Interaction Effects**
Figure 4.9: Political Interest \times Political Awareness Interaction Effects
Party Platforms

In this section, we provide the components of the Democratic and Republican national party platforms (1984-2008) that relate to international trade. While there is variation in the language used to describe liberalization, there are also strong themes across all platforms, including an emphasis on trade expansion, export growth, and fair trade.

Democratic Party Platforms

1984:

We need a vigorous, open and fair trade policy that builds America’s competitive strength, and that allows our nation to remain an advanced, diversified economy while promoting full employment and raising living standards in the United States and other countries of the world; opens overseas markets for American products; strengthens the international economic system; assists adjustment to foreign competition; and recognizes the legitimate interests of American workers, farmers and businesses.

We will pursue international negotiations to open markets and eliminate trade restrictions, recognizing that the growth and stability of the Third World depends on its ability to sell its products in international markets. High technology, agriculture and other industries should be brought under the General Agreement on Trade and Tariffs. Moreover, the developing world is a major market for U.S. exports, particularly capital goods. As a result, the U.S. has major stake in international economic institutions that support growth in the developing world.

We recognize that the growth and development of the Third World is vital both to global stability and to the continuing expansion of world trade. The U.S. presently sells more to the Third World than to the European Community and Japan combined. If we do not buy their goods, they cannot buy ours, not can they service their
debt. Consequently, it is important to be responsive to the issues of the North/South
dialogue such as volatile commodity prices, inequities in the functioning or the inter-
national financial and monetary markets, and removal of barriers to the expert or
Third World goods. If trade has become big business for the country, exports have
become critical to the economic health of a growing list of American industries. In
the future, national economic policy will have to be set with an eye to its impact
on U.S. exports. The strength of the dollar, the nature of the U.S. tax system, and
the adequacy of export finance all play a role in making U.S. exports internationally
competitive.

The United States continues to struggle with trade barriers that affect its areas of
international strength. Subsidized export financing on the part of Europe and Japan
has also created problems for the United States, as has the use of industrial policies
in Europe and Japan. In some cases, foreign governments target areas of America's
competitive strength. In other cases, industrial targeting has been used to main-
tain industries that cannot meet international competition — often diverting exports
to the American market and increasing the burden or adjustment for America's
import-competing industries. We will ensure that timely and effective financing can
be obtained by American businesses through the Export-Import Bank, so that they
can compete effectively against subsidized competitors from abroad.

A healthy U.S. auto industry is essential to a strong trade balance and economy.
That industry generates a large number of American jobs and both develops and
consumes new technology needed for economic vitality. We believe it is a sound prin-
ciple of international trade for foreign automakers which enjoy substantial sales in
the United States to invest here and create jobs where their markets are. This can
promote improved trade relations and a stronger American and world economy. We
also believe U.S. auto makers need to maintain high volume small car production
in the U.S. With the U.S. auto companies’ return to profitability (despite continued unemployment in the auto sector), we urge expanded domestic investment to supply consumers with a full range of competitive vehicle. We support efforts by management and labor to improve auto quality and productivity, and to restrain prices. Where foreign competition is fair, American industry should compete without government assistance. Where competition is unfair, we must respond powerfully. We will use trade law and international negotiations to aid U.S. workers, farmers, and businesses injured by unfair trade practices.

1988:

WE BELIEVE that America needs more trade, fair trade, an Administration willing to use all the tools available to better manage our trade in order to export more American goods and fewer American jobs, an Administration willing to recognize in the formulation and enforcement of our trade laws that workers’ rights are important human rights abroad as well as at home, and that advance notice of plant Closings and major layoffs is not only fundamentally right but also economically sound. We believe that we can and must improve our competitiveness in the world economy, using our best minds to create the most advanced technology in the world through a greater commitment to civilian research and development and to science, engineering and mathematics training, through more public-private and business-labor cooperation and mutual respect, through more intergovernmental partnerships, and through a better balance between fiscal and monetary policy and between military and civilian research and development. We further believe in halting such, irresponsible corporate conduct as unproductive takeovers, monopolistic mergers, insider trading, and golden parachutes for executives by reinvigorating our anti-trust and securities
1992:

Our government must work to expand trade, while insisting that the conduct of world trade is fair. It must fight to uphold American interests — promoting exports, expanding trade in agricultural and other products, opening markets in major product and service sectors with our principal competitors, and achieving reciprocal access. This should include renewed authority to use America’s trading leverage against the most serious problems. The U.S. government also must firmly enforce U.S. laws against unfair trade.

Multilateral trade agreements can advance our economic interests by expanding the global economy. Whether negotiating the North American Free Trade Area (NAFTA) or completing the GATT negotiations, our government must assure that our legitimate concerns about environmental, health and safety, and labor standards

1996:

Creating jobs through trade. We believe that if we want the American economy to continue strong growth, we must continue to expand trade, and not retreat from the world. America’s markets are open to the world, so America has a right to demand that the world’s markets are open to our products. American products are the best in the world. When American workers and American companies have the chance to compete around the world, we do not take second place.

In the last four years, the Clinton-Gore Administration has signed over 200 trade agreements, including NAFTA and GATT, to open markets around the world to American products, and create more jobs for the people who make them here at home. We have put in place the most sweeping agreements to lower foreign trade barriers of any administration in modern American history, including over 20 such agreements
with Japan alone – and American exports to Japan in the sectors covered by those agreements have increased by 85 percent. All over the world, barriers to American products have come down, exports are at an all time high – and we have created over one million high-paying export-related jobs. In the next four years, we must continue to work to lower foreign trade barriers; insist that foreign companies play by fair rules at home and abroad; strengthen rules that protect the global economy from fraud and dangerous instability; advance American commercial interests abroad; and ensure that the new global economy is directly beneficial to American working families. As we work to open new markets, we must negotiate to guarantee that all trade agreements include standards to protect children, workers, public safety, and the environment.

2000:

Exports sustain about 1 in 5 American factory jobs - jobs that pay more than jobs not tied to the global economy. Open markets spur innovation, speed the growth of new industries, and make our businesses more competitive. We must work to knock down barriers to fair trade so other nation’s markets are as open as our own.

Trade has been an important part of our economic expansion - about a third of our economic growth in recent years has come from selling American goods and services overseas. There is no doubt that with trade - and with investments in giving American workers the skills they need - we can out-compete workers anywhere in the world.

It’s clear we live in a globalized world - and that there is no turning back. But globalization is neither good nor evil. It is a fact - and we have to deal with it. Democrats believe we must be leaders in the new global economy, not followers. We believe that globalization will work for all Americans only if there are rules of
the road, as in the domestic economy, that promote both a strong economy and our basic American values. We need to make the global economy work for all. That means making sure that all trade agreements contain provisions that will protect the environment and labor standards, as well as open markets in other countries. Al Gore will insist on and use the authority to enforce worker rights, human rights, and environmental protections in those agreements. We should use trade to lift up standards around the world not drag down standards here at home. True open trade is not just about profits, but about people; not a race to the bottom, but a dash to the top; about a rising tide lifting the boats of workers here and abroad; about reinforcing the values of freedom and liberty and the rule of law in the hearts and minds of people everywhere. The test of open trade in the years ahead is whether it empowers the many and not just the few, whether its blessings are widely shared, whether it helps to lift the poor out of poverty; and whether it works for working people.

Democrats know that to build a new consensus for more open trade, we must give workers the tools they need to compete in the global economy and support rules that will protect workers’ rights, human rights, and environmental protections. That’s why our lifelong learning and skill development proposals are so important. American workers need access to ongoing skills development so that they have the tools they need to succeed in the New Economy. In addition, our trade adjustment assistance programs should be improved so that all affected workers receive timely and adequate assistance, including measures to address health care coverage and pension protections.

With the leadership of Al Gore, Democrats helped America’s steel industry weather the effects of the Asian financial crisis. As President, Al Gore will move aggressively to reduce our overall trade deficit and stop the erosion of good paying
manufacturing jobs. This includes negotiating tough agreements to reduce our persistent automotive trade imbalances with our major trading partners. We must continue to monitor imports and, consistent with the World Trade Organization, ensure that the United States utilizes all of its trade laws and other mechanisms, including product specific safeguards, to stop quickly and effectively any import surges when they threaten our workers and communities.

The President should be able to negotiate trade agreements with the nations of the world and should include worker rights, human rights, and environmental protections in those agreements, as well as market opening initiatives. At the same time, Al Gore will challenge American companies to ensure labor protections and worker safety at their overseas operations. And U.S. representatives at the International Monetary Fund and the World Bank should also seek to advance fair treatment for workers internationally. We should create an environment in which electronic commerce can flourish globally as it has here in America. We are committed to supporting the rights of workers around the world. And we should vigorously monitor trade agreements to make sure other nations are not shirking their responsibilities.

2004:

Free and fair trade that creates American jobs. Exports sustain about 1 in 5 American factory jobs. Open markets spur innovation, speed the growth of new industries, and make our businesses more competitive. We will make it a priority to knock down barriers to free, fair and balanced trade so other nation’s markets are as open as our own.

We will stand up for American workers and consumers by building on President Clinton’s progress in including enforceable, internationally recognized labor and environmental standards in trade agreements. We will aggressively enforce our trade
agreements with a real plan that includes a complete review of all existing agreements; immediate investigation into China’s workers’ rights abuses and currency manipulation; increased funding for efforts to protect workers’ rights and stop child labor abuse; new reforms to protect the innovations of high-tech companies; and vigorous enforcement of U.S. trade laws. We will use all the tools we have to create new opportunities for American workers, farmers, and businesses, and break down barriers in key export markets, like the Japanese auto market and the Chinese high-technology market. We will effectively enforce our trade laws protecting against dumping, illegal subsidies, and import surges that threaten American jobs.

New trade agreements must protect internationally recognized workers’ rights and environmental standards as vigorously as they now protect commercial concerns. We will build on and strengthen the progress made in the Jordan agreement to include strong and enforceable labor and environmental standards in the core of new free trade agreements. And no trade agreement should stop government from protecting the environment, food safety or the health of its citizens. Nor should an agreement give greater rights to foreign investors than to U.S. investors, require the privatization of our vital public services, or limit our government’s ability to create good jobs in our communities.

2008:

We believe that trade should strengthen the American economy and create more American jobs, while also laying a foundation for democratic, equitable, and sustainable growth around the world. Trade has been a cornerstone of our growth and global development, but we will not be able to sustain this growth if it favors the few rather than the many. We must build on the wealth that open markets have created, and share its benefits more equitably. Trade policy must be an integral part of an
overall national economic strategy that delivers on the promise of good jobs at home and shared prosperity abroad. We will enforce trade laws and safeguard our workers, businesses, and farmers from unfair trade practices — including currency manipulation, lax consumer standards, illegal subsidies, and violations of workers’ rights and environmental standards. We must also show leadership at the World Trade Organization to improve transparency and accountability, and to ensure it acts effectively to stop countries from continuing unfair government subsidies to foreign exporters and non-tariff barriers on U.S. exports.

We need tougher negotiators on our side of the table — to strike bargains that are good not just for Wall Street, but also for Main Street. We will negotiate bilateral trade agreements that open markets to U.S. exports and include enforceable international labor and environmental standards; we pledge to enforce those standards consistently and fairly. We will not negotiate bilateral trade agreements that stop the government from protecting the environment, food safety, or the health of its citizens; give greater rights to foreign investors than to U.S. investors; require the privatization of our vital public services; or prevent developing country governments from adopting humanitarian licensing policies to improve access to life-saving medications. We will stand firm against bilateral agreements that fail to live up to these important benchmarks, and will strive to achieve them in the multilateral framework. We will work with Canada and Mexico to amend the North American Free Trade Agreement so that it works better for all three North American countries. We will work together with other countries to achieve a successful completion of the Doha Round Agreement that would increase U.S. exports, support good jobs in America, protect worker rights and the environment, benefit our businesses and our farms, strengthen the rules-based multilateral system, and advance development of the world’s poorest countries.
Just as important, we will invest in a world-class infrastructure, skilled workforce, and cutting-edge technology so that we can compete successfully on high-value-added products, not sweatshop wages and conditions. We will end tax breaks for companies that ship American jobs overseas, and provide incentives for companies that keep and maintain good jobs here in the United States. We will also provide access to affordable health insurance and enhance retirement security, and we will update and expand Trade Adjustment Assistance to help workers in industries vulnerable to international competition, as well as service sector and public sector workers impacted by trade, and we will improve TAA’s health care benefits. The United States should renew its own commitment to respect for workers’ fundamental human rights, and at the same time strengthen the ILO’s ability to promote workers’ rights abroad through technical assistance and capacity building.

Republican Party Platforms

1984:

The recent tremendous expansion of international trade has increased the standard of living worldwide. Our strong economy is attracting investment in the United States, which is providing capital needed for new jobs, technology, higher wages, and more competitive products.

We are committed to a free and open international trading system. All Americans benefit from the free flow of goods, services and capital, and the efficiencies of a vigorous international market. We will work with all of our international trading partners to eliminate barriers to trade, both tariff and non-tariff. As a first step, we call on our trading partners to join in a new round of trade negotiations to revise the
General Agreement on Tariffs and Trade in order to strengthen it. And we further call on our trading partners to join us in reviewing trade with totalitarian regimes.

But free trade must be fair trade. It works only when all trading partners accept open markets for goods, services, and investments. We will review existing trade agreements and vigorously enforce trade laws including assurance of access to all markets for our service industries. We will pursue domestic and international policies that will allow our American manufacturing and agricultural industries to compete in international markets. We will not tolerate the loss of American jobs to nationalized, subsidized, protected foreign industries, particularly in steel, automobiles, mining, footwear, textiles, and other basic industries. This production is sometimes financed with our own tax dollars through international institutions. We will work to stop funding of those projects which are detrimental to our own economy.

The greatest danger today to our international trade is a growing protectionist sentiment. Tremendous fluctuations in exchange rates have rendered long-term international contracts virtually useless. We therefore urge our trading partners to join us in evaluating and correcting the structural problems of the international monetary system, to base it on more stable exchange rates and free capital markets.

Further, we support reorganization of trade responsibilities in order to reduce overlap, duplication, and waste in the conduct of international trade and industry. Revisions in that system will stabilize trade relations so that debtor nations can repay their debts. These debts are the direct result of their domestic policies, often mandated by multilateral institutions, combined with the breakdown of the international monetary system. Slower economic growth, reduced imports, and higher taxes will not relieve debt burdens, but worsen them. The only way to repay the debts is to create productive capacity to generate new wealth through economic expansion, as America has done.
Austerity should be imposed not on people, but on governments. Debtor nations seeking our assistance must increase incentives for growth by encouraging private investment, reducing taxes, and eliminating subsidies, price controls, and politically motivated development projects.

1988:
America’s best years lie ahead. Because Republicans have faith in individuals, we welcome the challenge of world competition with confidence in our country’s ability to out-produce, out-manage, out-think, and out-sell anyone. This is the voters’ choice in 1988: compete or retreat. The American people and the Republican Party are not about to retreat.

To make the 1990s America’s decade in international trade, Republicans will advance trade through strength. We will not accept the loss of American jobs to nationalized, subsidized, protected foreign industries and will continue to negotiate assertively the destruction of trade barriers:

- We negotiated a sweeping free trade agreement with Canada, our largest trading partner. Under this agreement, Americans will be able to trade, invest, and prosper, with no barriers to competition and economic growth.

- We have sought enforcement of U.S. international trade rights more vigorously than any previous Administration. The Reagan-Bush Administration was the first to self-initiate formal trade actions against unfair foreign market barriers.

- We launched the "Uruguay Round" of trade talks to promote a more open trading system and to address new trade problems that stifle world economic progress.
• We negotiated long and hard to beat back the most protectionist provisions in trade legislation and produced a bill that focuses on opening markets around the world.

• We support multilateral actions to open up foreign markets to U.S. products through the General Agreement on Tariffs and Trade. We will use GATT as well to deal with problems involving agricultural subsidies, trade in services, intellectual property rights, and economic relations with countries that mismanage their economies by suppressing market forces. . . .

We will not tolerate unfair trade and will use free trade as a weapon against it. To ensure that rapid progress is forthcoming from our work in GATT, we stand ready to pursue bilateral arrangements with nations which share our commitment to free trade. We have begun with the U.S.-Israel and U.S.-Canada free trade agreements. These agreements should be used as a model by the entire Western Hemisphere as it moves toward becoming a free trade zone, a powerhouse of productivity that can spur economic growth throughout the continents. We are prepared to negotiate free trade agreements with partners like the Republic of China on Taiwan and the Association of South East Asian Nations (ASEAN) countries if they are willing to open their markets to U.S. products. The emerging global economy has required American workers and consumers to adapt to far-reaching transformations on every continent. These changes will accelerate in the years ahead as nations with free economic systems rush toward a future of incredible promise. International trade among market economies is the driving force behind an unprecedented expansion of opportunity and income.

Unfortunately, international markets are still restricted by antiquated policies: protective tariffs, quotas, and subsidies. These hinder world trade and hurt everyone, producers and consumers alike. It is the politicians and special interests who use
protectionism to cover up their failures and enrich themselves at the expense of the
country as a whole.

We propose that the General Accounting Office be required to issue regular statis-
tics on the costs of U.S. trade restrictions to American workers, consumers, and busi-
nesses.

The bosses of the Democrat Party have thrown in the towel and abandoned the
American worker and producer. They have begun a full-scale retreat into protec-
tionism, an economic narcotic that saps the life out of commerce, closes foreign mar-
kets to U.S. producers and growers, and costs American consumers billions of dollars.
The Democrats’ plans would endanger 200,000 jobs and $8 billion in economic activity
in agriculture alone! Over the past year, U.S. exports have expanded by 30 percent.
The Democrats would reverse that growth by cowering behind trade barriers.

The bottom line in international trade must be American excellence. Every part of
our economy is challenged to renew its commitment to quality. We must redouble our
efforts to cut regulation, keep taxes low, and promote capital formation to sustain
the advance of science and technology. Changes in both the managing of business
and our approach to work, together with a new emphasis on quality and pleasing
the customer, are creating a new work place ethic in our country. We will meet the
challenges of international competition by know-how and cooperation, enterprise and
daring, and trust in a well-trained work force to achieve more than government can
even attempt.

1992:

Four years ago, the American people faced an historic decision: compete or retreat.
They chose, with President Bush, to compete in the international arena. Rather than
retreat with the Democrats to the limits of yesteryear, they decided to attack the
international marketplace with characteristic American vigor. Just as George Bush is a proven world leader on the military front, equally he is an economic world leader.

The results are spectacular. We have cut the trade deficit in half in just four years. The United States is again the world’s top exporter. Exports drive our economy. Every $1 billion in exports creates 20,000 new jobs for Americans. Exports have created nearly two million new jobs at home since 1988. We are tough free traders, battling to sweep away barriers to our exports. We are waging the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations to win worldwide reductions in tariffs, elimination of subsidies, and protection of American intellectual property rights. We are fighting to reduce farm subsidies in the European Community and to break up their government-industry collusion in production of civil aircraft. We firmly endorse President Bush’s policy to support the Republic of China on Taiwan in international trade and her accession to GATT. Major market access gains have been made with Japan, with American manufacturing exports tripling since 1985. Throughout the world, we enforced greater compliance with U.S. trade rights. And we are making every effort to bring home a Uruguay Round agreement that is not only good for America, but great for tomorrow’s entrepreneurs everywhere. The free trade agenda for the next four years starts with the signing of a North American Free Trade Agreement (NAFTA) with Mexico, completing the establishment of a free trade area which already includes Canada. NAFTA will create the largest market in the world, greater than the European Community, with 360 million consumers and a total output of six trillion dollars. It means a net gain of hundreds of thousands of American jobs.

We acknowledge the possible effects on regional markets, specifically agriculture. We encourage our negotiators to be sensitive to those market concerns. We will continue to fill the Pacific Rim with American exports, negotiating trade agreements
with other Asian economies, and will complete our efforts — such as the Structural
Impediments Initiative with Japan — to reduce barriers to American goods and ser-
VICES. And we will continue to negotiate the Enterprise for the Americas Initiative
with Latin America as a first step in creating a hemispheric free trade zone.

Congress should report to the American people the cost to workers, consumers,
and businesses of every Democrat trade restriction, trade tax, or trade quota bill it
considers. We will not tolerate their obstructing the greatest expansion of interna-
tional trade in history. Republicans welcome this opportunity; for we know America’s
workers, thinkers, and builders will make the most of it.

1996:

Republicans support free and fair trade. In the American Century ahead, our country
will lead in international trade. American workers will be the winners in any fair
competition, and American technology will drive a prosperity revolution around the
world. Exports already fuel our economy; their continuing expansion is essential for
full employment and long-term prosperity. That is possible only within the context
of expanding trade, and we can do it better without a Department of Commerce.

Our country’s merchandise trade deficit exploded to $175 billion in 1995 and will
likely set an all-time record in 1996, siphoning American wealth into the hands of
foreigners. Trade deficits with all our major trading partners were worse in 1995 than
in 1992. With China alone, the deficit more than doubled to $35 billion in the last three
and a half years. With Japan, Bill Clinton announced a series of hollow agreements
that have done little to improve market access. With Russia, he approved a $1 billion
Export-Import Bank loan to foster competition with the American aircraft industry.
With Canada, he tolerates discrimination against the United States beverage industry
and focused on our lumber crisis too late to help closed logging mills. With Mexico, he ignored injury to American agriculture from massive surges in imports.

We should vigorously implement the North American Free Trade Agreement, while carefully monitoring its progress, to guarantee that its promised benefits and protections are realized by all American workers and consumers.

Republicans are for vigorous enforcement of the trade agreements we already have on the books, unlike the Clinton Administration that uses United States trade policy as a bargaining chip and as a vehicle for pursuing a host of other social agenda items. Republicans will enforce United States trade laws, including our antidumping laws, and will use the Super 301 investigations that give the President authority to challenge foreign barriers to our exports. And we will use the Export Enhancement Program to boost American farm exports. To advance economic freedom, we insist that United States foreign aid, whether bilateral or through the World Bank and International Monetary Fund, promote market reforms, limit regulation, and encourage free trade. Republicans will stop subsidizing socialism in the less developed nations. Republicans will not allow the World Trade Organization to undermine United States sovereignty and will support a World Trade Organization oversight commission.

Free market capitalism is the right model for economic development throughout the world. The Soviet model of a state-controlled economy has been discredited, and neither stage of development nor geographic location can justify economic authoritarianism. Human nature and aspirations are the same everywhere, and everywhere the family is the building block of economic and social progress. We therefore will protect the rights of families in international programs and will not fund organizations involved in abortion. The cost of turning our back on the global marketplace is the loss of opportunity and millions of jobs for United States citizens.
2000:

International trade has become the world’s most powerful economic force. Interna-
tional trade is not the creation of the world’s rulers, but of the world’s peoples, who
strive for a better future and break down any barriers governments may erect to it.
The result is today’s global economy of open markets in democratic nations. That
system is poised to sweep away both the counterproductive vestiges of protectionism
and the backwater remnants of Marxism. We launched this revolution during the
Reagan and Bush Administrations. Now we will bring it to completion: U.S. leader-
ship of a global economy without limits to growth.

For our country, that outcome will be critical. Exports account for almost one-
third of U.S. economic growth, while average wages in export-related industries are
significantly higher. As for agriculture, expanding exports is key to saving the family
farm. We must secure America’s competitive advantage in the New Economy by pre-
venting other countries from erecting barriers to innovation. For American producers
and consumers alike, the benefits of free trade are already enormous. In the near
future, they will be incalculable.

But free trade must be fair trade, within an open, rules-based international trading
system. That will depend on American leadership, which has been lacking for the last
eight years. The administration’s failure to renew fast track (expedited legislative
procedures to approve free trade legislation) has undermined its ability to open new
markets abroad for American goods and services. As a result, America’s trade deficit
with the rest of the world has surged to record highs. We must be at the table when
trade agreements are negotiated, make the interests of American workers and farmers
paramount, and ensure that the drive to open new markets is successful.
The vitality of that agenda depends upon the vigorous enforcement of U.S. trade laws against unfair competition. We will not tolerate the foreign practices, rules, and subsidization that put our exports on an unequal footing. It is not enough to secure signatures on a piece of paper; our trading partners must follow through on the promises they make. First and foremost, we must restore the credibility of U.S. trade leadership. We therefore propose to:

- Launch a new and ambitious round of multilateral negotiations focused solely on opening markets.

- Revitalize the World Trade Organization negotiations on agriculture and services.

- Give the next president fast-track negotiating authority.

- Negotiate reductions in tariffs on U.S. industrial goods and the elimination of other trade barriers so that our autos, heavy machinery, textiles, and other products will no longer be shut out of foreign markets.

- Take action against any trading partner that uses pseudo-science to block importation of U.S. bioengineered crops.

- Advance a Free Trade Area of the Americas to take advantage of burgeoning new markets at our doorstep.

- Revise export controls to tighten control over military technology and ease restrictions on technology already available commercially.

2004:

Republicans know that a strong world economy enhances our national security by advancing prosperity and freedom in the rest of the world. Economic growth supported
by free trade and free markets creates new jobs and higher incomes. It allows people to lift their lives out of poverty, spurs economic and legal reform, enhances the fight against corruption, and reinforces the habits of liberty.

Under Republican leadership, the United States has fostered an environment of economic openness to capitalize on our country’s greatest asset in the information age: a vital, innovative society that welcomes creative ideas and adapts to them. American companies continue to show the world innovative ways to improve productivity and redraw traditional business models. Upon this extraordinary foundation, President Bush and the Republican Congress have rebuilt an effective American trade policy. Rooted in America’s political and economic ideals, the Republican blueprint they have implemented promotes open markets and open societies, free trade and the free flow of information, and the development of new ideas and private sectors. This self-sustaining economic and commercial progress has nurtured the human spirit, the middle class, law, and liberty.

Republicans applaud the renewal of the executive-Congressional partnership on trade matters under Republican leadership. After a gap of eight years, the Administration reestablished majority support in the Congress for free and fair trade by passing Trade Promotion Authority and the other market-opening measures for developing countries in the Trade Act of 2002.

We commend the strong record of President Bush and the Republican Congress in using their authority to promote economic growth and economic freedom beyond America’s shores, especially through free trade initiatives. We support the Administration’s comprehensive strategy to promote free trade, exemplified by the launch of the Doha negotiation of the World Trade Organization (WTO), regional and sub-regional initiatives such as the Central American Free Trade Agreement, the Free Trade Area of the Americas, and the Middle East Free Trade Area, extension of
the African Growth and Opportunity Act, and the conclusion of bilateral free trade agreements with nations such as Australia, Morocco, Chile, and Singapore.

We hail the strong record of President Bush and the Republican Congress in:

- completing agreements with 12 countries, and currently negotiating with 10 other nations, to reduce trade barriers — together, these 22 nations represent America’s third largest export market, with economies totaling $2.5 trillion in purchasing power;

- enforcing trade agreements and laws against unfair practices, including staunch opposition to regulations that impede farm exports and improved agriculture;

- taking timely action to help domestic industries and workers adjust to foreign competition, including through safeguard actions in support of America’s manufacturing sector and trade adjustment assistance for workers;

- incorporating appropriate labor and environmental concerns into U.S. trade negotiations, promoting mutually supportive trade and environmental policies and agreements; and

- using the International Labor Organization, trade preference programs, and trade talks to improve working conditions in conjunction with freer trade.

We recognize that there is a fundamental connection between trade and development. Trade policies can help developing countries strengthen property rights, competition, the rule of law, investment, the spread of knowledge, open societies, the efficient allocation of resources, and regional integration — all leading to growth, opportunity, and confidence in developing countries. We therefore welcome the Republican-led
reauthorization in the Trade Act of 2002 of preference programs with the nations of the Caribbean and Andean regions.

2008:

Greater international trade, aggressively advanced on a truly level playing field, will mean more American jobs, higher wages, and a better standard of living. It is also a matter of national security and an instrument to promote democracy and civil society in developing nations.

With 95 percent of the world’s customers outside our borders, we need to be at the table when trade rules are written to make sure that free trade is indeed a two-way street. We encourage multilateral, regional, and bilateral agreements to reduce trade barriers that limit market access for U.S. products, commodities and services. To achieve that goal, Congress should reinstate the trade promotion authority every president should have in dealing with foreign governments. Trade agreements that have already been signed and are pending before Congress should be debated and voted on immediately.

An aggressive trade strategy is especially important with regard to agriculture. Our farm economy produces for the world; its prosperity depends, more than ever before, on open markets. U.S. agricultural exports will top $100 billion this year. We will contest any restrictions upon our farm products within the World Trade Organization and will work to make the WTO’s decision-making process more receptive to the arguments of American producers.

We pledge stronger action to protect intellectual property rights against pirating and will aggressively oppose the direct and indirect subsidies by which some governments tilt the world playing field against American producers. To protect American
consumers, we call for greater vigilance and more resources to guard against the importation of tainted food, poisonous products, and dangerous toys.

Additionally, we recognize the need to support our growth in trade through appropriate development and support of our ports in order to ensure safe, efficient and timely handling of all goods.
POLITICAL INTEREST INDEX

In order to disaggregate the effects of political interest and awareness, that is, the effects of cue exposure and cue comprehension, we create POLITICAL INTEREST, an index variable designed to measure ANES respondents’ interest in politics and consumption of political news. In this section, we first explain the construction of POLITICAL INTEREST and then present regression results including this measure in Table 4.6 and Table 4.7. These results are substantively unchanged from those presented in the main text. Finally, we also present predicted probability plots demonstrating substantive effects based on Model 5 of Table 4.6, a specification including an interaction between POLITICAL KNOWLEDGE and POLITICAL INTEREST.

INDEX CONSTRUCTION

POLITICAL INTEREST is an additive index constructed from five individual ANES survey items. These items were chosen theoretically to reflect a common dimension of interest in politics. In addition, these items were chosen to maximize inter-item correlation as measured by the Cronbach’s alpha criterion, as shown in Table 4.5.

First, we include PAPER COVERAGE, a five-point scale ranging from “None” to “A Great Deal” measuring respondents’ attention newspaper coverage of the current presidential campaign. Similarly, TV COVERAGE measures respondents’ attention to national television news coverage of the presidential campaign with an identical 5-point scale. Third, POLITICS INTEREST measures how much respondents “follow government and public affairs” with a 4-point scale ranging from “Hardly at all” to “Most of the time”. Likewise, CAMPAIGN INTEREST is an item measuring respondents’ interest in political campaigns with a 3-point scale ranging from “Not much interested” to “Very much interested”. Finally, we include POLITICAL DISCUSSION, an
8-point scale recording how often respondents discuss politics with family and friends each week.

Table 4.5: Political Interest Cronbach’s α

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### Table 4.6: Specifications with Political Interest (1) - ANES 1986-2008

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Standard errors in parentheses
Shown with Year-Level Fixed Effects
Post-CEM Results

Here, we present substantive effects from post-matching regressions shown in Table 1.1 of the main text. Figure 4.10 corresponds to and substantively replicates Figure 1.2 in the main text. Despite the application of Coarsened Exact Matching (Iacus, King and Porro, 2011) as a pre-processing step to decrease extrapolation bias, coefficient values and significance levels for POLITICAL KNOWLEDGE are virtually unchanged over each of our nine cross-sections in comparison to our base model results presented in Figure 1.2 of the main text.

Similarly, Figure 4.11 replicates results shown in Figure 1.3 of the main text. Here again, our results are substantively unaffected by the employment of CEM. As discussed in the main text, these results increase our confidence in the robustness of our empirical results, specifically by suggesting that our results are likely the product of our hypothesized causal processes (elite cueing) rather than of imbalance between individuals with higher and lower levels of political awareness.
Substantive Effects

Figure 4.10: Post-CEM Secret Weapon
Figure 4.11: Post-CEM Political Knowledge Interactions
Causal Mediation: Political Awareness as Treatment

Here, we present evidence suggesting that the effects of political awareness cannot simply be attributed to mediation by obvious confounders such as economic interests or social attitudes. **Figure 4.12** plots the $ATE$, $ACME$ and $ADE$ of a series of causal mediation analyses employing *political knowledge* as a treatment variable and the series of variables plotted on the $y-axis$ as mediators. Because *political knowledge* is not a binary variable, we employ a “factorial treatment" whereby a treatment value is selected (in this case, *political knowledge* = 4) and compared to a control value (*political knowledge* = 1).

It is immediately apparent that the $ADE$ of *political knowledge* is consistently both highly significant and a large majority of the $ATE$. This suggests that the $ACME$ effects of political awareness reported in the main text may actually substantially understate its overall effect on trade opinion. Moreover, these results should further increase our confidence that the effects of awareness are not meaningfully confounded by economic interests, or social and political attitudes.

We present the results in **Figure 4.12** as suggestive robustness checks on potential confounds for the effects of political awareness on trade opinion and to demonstrate that these effects are not limited to the mediating effects of awareness on other variables discussed in the main text. However, it is important for readers bear in mind the limitations of these analyses:

First, as noted above, these are not the analyses suggested by the causal mechanisms described in our theory (shown in **Figure 1.5** of the main text). In our theory, political awareness serves as a mediator for the effect of other variables (whether exposure to elite cues or individual interests and attitudes) on trade opinion. Here,
we reverse the order of causation as a robustness check on the association between awareness and trade opinion.

Second, analogous to the discussion presented below in Figure 4.1, the theory and results presented in the main text demonstrate that the effects of individual interests and attitudes on trade opinion are conditioned (i.e., moderated) by political awareness. However, because we present the analyses shown in Figure 4.12 as a robustness check, the models shown here are uninteracted and consequently understate the $ATE$s relative to the interacted models presented in the main text.

Last, due to limitations in the software developed by Tingley et al. (2014), we are unable to employ both a binary mediator and outcome variable. Because our outcome variable is coded dichotomously, we are limited to mediating variables that are measured continuously (or can plausibly be treated as continuous). As a result, to incorporate dichotomously-coded variables as mediators, we constructed a series of index variables. In addition, to increase the plausibility of continuous codings for ordered factor variables (e.g., FAMILY INCOME, PARTISANSHIP), we incorporate them into index variables as well.

POLITICAL INDEX is constructed of three components: a normalized version of the standard ANES seven-point partisanship scale (higher values are more “Democratic”), a normalized version of the standard ANES seven-point ideology scale (higher values are more “Liberal”), and a dichotomously coded item measuring agreement with a government guarantee of a standard of living or jobs too all Americans. This variable ranges theoretically in value from zero to three.

ECONOMIC INTEREST INDEX is constructed from two components: a normalized version of FAMILY INCOME and a normalized version of YEARS EDUCATION. The theoretical range of this variable is zero to two.
DEMOCRATIC INDEX is constructed from three demographic variables: a normalized version of AGE, a dummy for NONWHITE, and FEMALE. This variable ranges (theoretically) from zero to three.

XENOPHOBIA INDEX is constructed from normalized versions of ETHNOCENTRISM and ISOLATIONISM. The theoretical range of this variable is zero to two.

CULTURAL LIBERALISM INDEX is constructed from normalized versions of three survey items. First is ABORTION, a four-point variable measuring how much respondents wish to restrict abortion rights. Next is MORAL DECAY, a five-point variable measuring respondents’ agreement with the statement that “Newer lifestyles are causing societal breakdown”. Last is CHURCH FREQUENCY, an item measuring the weekly frequency of respondents’ attendance at religious services. All three variables are coded such that higher values indicate less traditional social values and are normalized before being combined into a variable that ranges from zero to three.
Figure 4.12: Direct (Political Knowledge) and Indirect (Potential Confounding) Effects on Support for Free Trade
Causal Mediation Sensitivity Analysis

In this section, we present results from a sensitivity analysis of the mediated effect (through political awareness) of political interest on trade opinion predicted by our theory, as discussed in the main text (and as illustrated by Figure 1.5 in the main text). We present this sensitivity analysis here for the following reasons:

First, as discussed in the main text, our theory suggests and our empirical results demonstrate that the effects of political interest on trade opinion are not only mediated, but also moderated by political awareness. That is, political interest will have heterogeneous effects on trade opinion, conditional on political awareness. Thus, in the main text we present mediation analyses based upon a model with a treatment-mediator interaction (i.e., POLITICAL INTEREST × POLITICAL KNOWLEDGE. However, the sensitivity analyses developed by Imai and his coauthors (see e.g., Imai, Tingley and Yamamoto, 2013; Imai, Keele and Tingley, 2010; Imai et al., 2011; Imai, Keele and Yamamoto, 2010) do not currently support treatment-mediator interactions for dichotomous outcome variables like ours. Thus, we present results from a non-interacted estimation here that while encouraging, can only be suggestive for the interacted model presented in the main text.

Second, due to the relative novelty of both causal mediation in general to many political science readers and of the sensitivity analyses developed by Imai and his coauthors, in particular, we felt that any explanation of these results would of necessity be fairly lengthy. Given that these analyses do not comprise an integral part of our overall analysis, we felt that they were more appropriately placed in the Supporting Information.
Non-Interacted Causal Mediation:

Figure 4.13 plots results from a mediation analysis of the effects of political interest on ANES respondents’ trade opinion, disaggregated into the effect mediated through political knowledge, the $ACME$ (average causal mediation effect) and that through all other channels, the $ADE$ (average direct effect). Figure 4.13 is analogous to the similar figure in the main text. Note however, that unlike in the latter figure, $ACME_c = ACME_i$ and $ADE_c = ADE_i$. This is because the $ATE$ of political interest is not regarded as conditional on political knowledge, unlike in the main text.

Nonetheless, in common with the analysis in the main text, Figure 4.13 makes clear that the overall positive and significant effect of political interest on support for free trade is attributable to the positive and highly significant mediation effect of political knowledge, whereas the $ADE$ (comprising the partial effects of all other potential mediators) is statistically indistinguishable from zero.
Figure 4.13: Direct and Indirect (Political Knowledge) Effects of Political Interest on Support for Free Trade

Note that $ACME_c = ACME_t$ and $ADE_c = ADE_t$. Point estimates are displayed with 95% confidence intervals.

Sensitivity Analysis:

Figure 4.14 depict the sensitivity of the $ACME$ to the violation of the sequential ignorability assumption—that is, to pre-treatment confounders that may be related both to the mediator and the outcome. Here, the $ACME$ from the previous analysis displayed in Figure 4.13 is plotted against $\rho$, a sensitivity parameter equivalent to the
correlation between the residuals in the first-stage equation predicting the mediating variable and the residuals of the second-stage equation predicting the outcome variable (See e.g., Imai, Keele and Tingley, 2010; Imai, Keele and Yamamoto, 2010, for a full explanation of this procedure). Consequently, Figure 4.13 suggests that the ACME of political knowledge is greater than zero for values of $\rho < 0.1$.

Unfortunately, as acknowledged by Imai, Keele and Tingley (2010), $\rho$ is not a substantively meaningful quantity, making the real-world sensitivity of the observed ACME can be difficult to discern from these results. As a result, Figure 4.16a presents an alternative presentation of $\rho$ based instead on coefficients of determination (proportion of variance explained, or “$R^2$”). Here, the bolded contour plot represents the values of additional variance in each regression (mediator or outcome) that would need to be explained by an unobserved confounder to render the observed ACME equivalent to zero (assuming in this case, that the unobserved confounder will affect both the mediator and outcome variables in the same direction). In this case, the product of these values equals 0.01.

This indicates, for example, that if there exists an unobserved confounder that affects both political knowledge and free trade in the same direction such that it explains 10% of the total variance in both political knowledge and free trade, then the observed ACME is equivalent to zero. This may not seem very impressive, but in the context of trade opinion research, this suggests that this effect is highly robust.

We show this with the example of the single most influential predictive variable in the trade opinion literature: college graduate. This variable has been robustly linked to increased support for free trade in every published trade opinion article of which we are aware. Moreover, as seen in our own study, the magnitude and robustness of its effect is exceeded only by that of political knowledge. Finally, as we will
demonstrate in the following, **COLLEGE GRADUATE** is also a powerful predictor of the mediating variable, **POLITICAL KNOWLEDGE**.

Thus, to provide substantive context for the magnitude of the unobserved pre-treatment confounding effect that would be required to overturn the **ACME** reported in **Figure 4.13**, we omit **COLLEGE GRADUATE** from the models used in both the mediation stage and outcome stage and report the resulting change in the coefficient in determination ($R^2$). Omitting **COLLEGE GRADUATE** results in a 0.0584 decrease in the adjusted $R^2$ between the two otherwise identical mediation step regressions. Because, unlike the mediation step, the second (outcome) stage regression is a probit, there are multiple ways to calculate coefficients of determination. For consistency with the preceding sensitivity analysis, we employ the same McKelvey-Zavoina estimation method employed above (see, Hicks and Tingley, 2011; Tingley et al., 2014). Using the M-Z method, the omission of **COLLEGE GRADUATE** results in a decrease of 0.0349 between the otherwise identical outcome stage regressions.

These results yield $\tilde{R}_Y^2$ and $\tilde{R}_M^2 = 0.002038$. What this means is that the effect of an unobserved pre-treatment confounder on both the mediator and the outcome variable (in the same direction) would have to explain roughly five times as much additional variance in the mediation and outcome regressions as **COLLEGE GRADUATE** (hencefore the most robust and powerful predictor of trade opinion) to render the **ACME** described above equivalent to zero. This consequently should increase our confidence in the robustness of these results. This is particularly so because as shown in the main text, $ACME_t > ACME_c$. That is, the mediating effect of political awareness is much greater, conditional on political interest. Thus, it is likely that were we able to perform a sensitivity analysis on the causal mediation results presented in the main text, it would show even more robust results than those presented here.
Note that in order to produce the contour plots in Figure 4.16a we have been assuming that unobserved confounders will affect the mediating variable (political knowledge) and the outcome variable (free trade) in the same direction. This seems to us a much more theoretically plausible assumption than the opposite. We have difficulty imagining plausible confounders that might affect the mediator and outcome in opposite directions. Nonetheless, we present corresponding contour plots in Figure 4.16a. It should be immediately apparent that regardless of the values of \( \bar{R}_Y^2 \) and \( \bar{R}_M^2 \), the ACME > 0.

**Figure 4.14:** Political Knowledge ACME Sensitivity Plots by \( \rho \).

\( \rho \) is the correlation between \( \epsilon_M \) and \( \epsilon_Y \).
Figure 4.15: Political Knowledge ACME Sensitivity Plots by $\tilde{R}^2_Y$ and $\tilde{R}^2_M$.

Note that consistent with Figure 4.13, these plots are identical for $ACME_c$ and $ACME_t$.

Figure 4.16: Supplemental Political Knowledge ACME Sensitivity Plots by $R^2_Y$ and $R^2_M$.

These plots assume that an unobserved confounder will affect the mediator (POLITICAL KNOWLEDGE) and the outcome (FREE TRADE) in opposite directions. Note that regardless of the values of $R^2_Y$ and $R^2_M$, ACME $> 0$. 

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4.2 Supplemental Information for "If You Can’t Say Something Protectionist"

Supplement: Pro-trade politicians rarely run trade ads.

As shown in Table 4.8, incumbents who vote in favor of trade liberalization prefer not to advertise their trade positions. Models 1-2 demonstrate that incumbent trade voting records are highly correlated with the decision to run trade-related political advertisements. Members of Congress who vote in favor of liberal trade legislation are less likely to advertise those positions, controlling for district demographic characteristics and political variables. Only incumbent trade voting behavior is consistently predictive of advertising behavior across specifications, though college graduate and manufacturing employment approach conventional levels of statistical significance in some models. As with trade voting, areas with college graduates are less likely to see trade advertisements, and manufacturing-heavy areas are more likely to see advertisements. Notably, Democratic incumbents are statistically indistinguishable from Republican incumbents with respect to trade advertising. Although Democrats are more traditionally associated with protectionism, trade voting record, not partisanship, robustly predicts trade-related advertising.

Model 3 depicts similar behavior: while members of Congress representing districts with high unemployment rates are more likely to air trade ads, these incumbents are less likely to raise trade following local economic downturns. Members representing districts that experienced an increase in the unemployment rate over the previous two years (in the case of members of the House, since the last election) were more likely to remain mum on trade in their next race. That high-unemployment areas — for example, the formerly manufacturing-heavy rust belt — receive more trade advertising is expected. However, that politicians refrain from discussing trade following
### Table 4.8: When Do Incumbents Raise Trade?

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Robust standard errors in parentheses
Shown with Year Fixed Effects

181
localized economic downturns is further evidence that incumbents prefer to not call attention to their trade positions.

Finally, Models 4 and 5 use the residual between expected and actual trade voting behavior by incumbents, calculated while testing $H_1$, to show that incumbents whose voting records are more (less) pro-trade than expected are even less (more) likely to air trade advertisements. That is, incumbents who do not vote in line with district interests are even less likely to raise trade, thus drawing attention to their voting records.

Supplement: Trade advertising does not appear to help incumbents win votes. Table 4.9 depicts five models that attempt to isolate the effects of trade advertising on incumbent election returns. The first model interacts RAISE TRADE with incumbent FREE TRADE VOTE to assess whether politicians who vote in favor of liberalization benefit electorally from running protectionist advertisements. As with the previous set of general election result models, the results do not approach conventional levels of significance. Similarly, politicians who are more pro-trade than anticipated by the responsiveness model but run protectionist advertisements are indistinguishable from those who do not air ads — although the results are signed intuitively, they are not statistically significant (see Model 2).

Model 3 tests whether challenger trade ads call attention to incumbent voting records and then affect general election results. Incumbents with pro-trade voting records fare no worse than others when challengers run political advertisements about trade during the campaign. Moreover, incumbents who air trade ads in response to challenger ads (see Model 4) are undifferentiated from those who do not with respect to their general election results. Finally, I took each district’s predicted probability of receiving a trade ad from Model 3 in Table 2.3 and tested whether incumbents
who ran trade ads in locations that were more likely to receive ads benefited from doing so. As with the other models, I found no effect (see Model 5). Still, for all of the referenced models, there are fewer than 400 observations overall, and only 49 incumbents ran trade ads during their re-election campaigns.

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<td>-0.0237</td>
<td></td>
<td></td>
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<td></td>
<td>(0.0401)</td>
<td></td>
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<tr>
<td>Residual * Raise Trade</td>
<td>0.0583</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.1238)</td>
<td></td>
<td></td>
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</table>

<table>
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<tbody>
<tr>
<td>Challenger Raises Trade</td>
<td>-0.0198</td>
<td>-0.0236</td>
<td></td>
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<tr>
<td></td>
<td>(0.0326)</td>
<td>(0.0137)</td>
<td></td>
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</tr>
<tr>
<td>Free Trade Vote * Challenger Raises Trade</td>
<td>-0.0162</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>(0.0757)</td>
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<tr>
<td>Raise Trade * Challenger Raises Trade</td>
<td>0.0187</td>
<td></td>
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<tr>
<td></td>
<td>(0.0293)</td>
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<tr>
<td>Intercept</td>
<td>0.6178</td>
<td>0.6346</td>
<td>0.6455</td>
<td>0.6003</td>
<td>0.6107</td>
</tr>
<tr>
<td></td>
<td>(0.0249)</td>
<td>(0.0222)</td>
<td>(0.0259)</td>
<td>(0.0226)</td>
<td>(0.0266)</td>
</tr>
</tbody>
</table>

N 385 385 278 278 385

Robust standard errors in parentheses
Shown with Year Fixed Effects
4.3 Supplemental Information for "No, No They Can’t Take That Away From Me"

This section details the models used to assess the robustness of democracy (Figure 3.3), the interaction between regime type and the preferential margin (Figure 3.4), WTO membership (Figure 3.5), aid share (Figure 3.6), UN ideal point difference (Figure 3.7), and alliance (Figure 3.8). In the interest of space, the models used for Figure 3.3 are listed below. Figure 3.4 uses the same models but includes an interaction between Democra-cy and MFN-GSP tariff margin along with both main effects. Additionally, it excludes all models that lack the preferential margin main effect.

Fixed Effects Models

1) GSP Utilization = Democracy
2) GSP Utilization = Lag(GSP Utilization) Democracy
3) GSP Utilization = Log(Import Value) Democracy
4) GSP Utilization = MFN-GSP Preference Margin Democracy
5) GSP Utilization = Log(GDP) Democracy
6) GSP Utilization = Exports (%GDP) Democracy
7) GSP Utilization = WTO Member Democracy
8) GSP Utilization = Lag(GSP Utilization) Log(Import Value) Democracy
9) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Democracy
10) GSP Utilization = Lag(GSP Utilization) Log(GDP) Democracy
11) GSP Utilization = Lag(GSP Utilization) Exports (%GDP) Democracy
12) GSP Utilization = Lag (GSP Utilization) WTO Member Democracy
13) GSP Utilization = Log (Import Value) MFN-GSP Preference Margin Democracy
14) GSP Utilization = Log (Import Value) Log (GDP) Democracy
15) GSP Utilization = Log (Import Value) Exports (%GDP) Democracy
16) GSP Utilization = Log (Import Value) WTO Member Democracy
17) GSP Utilization = MFN-GSP Preference Margin Log (GDP) Democracy
18) GSP Utilization = MFN-GSP Preference Margin Exports (%GDP) Democracy
19) GSP Utilization = Exports (%GDP) Log (GDP) Democracy
20) GSP Utilization = Exports (%GDP) WTO Member Democracy
21) GSP Utilization = Log (GDP) WTO Member Democracy
22) GSP Utilization = Lag (GSP Utilization) MFN-GSP Preference Margin Log (Import Value) Democracy
23) GSP Utilization = Lag (GSP Utilization) MFN-GSP Preference Margin Log (GDP) Democracy
24) GSP Utilization = Lag (GSP Utilization) MFN-GSP Preference Margin Exports (%GDP) Democracy
25) GSP Utilization = Lag (GSP Utilization) MFN-GSP Preference Margin Exports (%GDP) Democracy
26) GSP Utilization = Lag (GSP Utilization) Log (Import Value) Exports (%GDP) Democracy
27) GSP Utilization = Lag (GSP Utilization) Log (Import Value) Log (GDP) Democracy
28) GSP Utilization = Lag (GSP Utilization) Log (Import Value) Exports (%GDP) Democracy
29) GSP Utilization = Lag (GSP Utilization) Log (Import Value) WTO Member Democracy
30) GSP Utilization = Lag(GSP Utilization) Log(GDP) Exports (%GDP) Democracy

31) GSP Utilization = Lag(GSP Utilization) Log(GDP) WTO Member Democracy

32) GSP Utilization = Lag(GSP Utilization) Exports (%GDP) WTO Member Democracy

33) GSP Utilization = MFN-GSP Preference Margin Log(Import Value) Log(GDP) Democracy

34) GSP Utilization = MFN-GSP Preference Margin Log(Import Value) Exports (%GDP) Democracy

35) GSP Utilization = MFN-GSP Preference Margin Log(GDP) WTO Member Democracy

36) GSP Utilization = MFN-GSP Preference Margin Log(GDP) Exports (%GDP) Democracy

37) GSP Utilization = MFN-GSP Preference Margin Exports (%GDP) WTO Member Democracy

39) GSP Utilization = Log(Import Value) Log(GDP) WTO Member Democracy

40) GSP Utilization = Log(Import Value) Log(GDP) Exports (%GDP) Democracy

41) GSP Utilization = Log(Import Value) Exports (%GDP) WTO Member Democracy

42) GSP Utilization = Log(GDP) Exports (%GDP) WTO Member Democracy

43) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Democracy
44) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin
   Log(Import Value) Exports (%GDP) Democracy

45) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin
   Log(Import Value) WTO Member Democracy

46) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin
   Log(GDP) Exports (%GDP) Democracy

47) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin
   Log(GDP) WTO Member Democracy

48) GSP Utilization = Lag(GSP Utilization) Log(Import Value) Log(GDP)
   Exports (%GDP) WTO Member Democracy

49) GSP Utilization = Lag(GSP Utilization) Log(Import Value) Log(GDP) WTO
   Member Democracy

50) GSP Utilization = MFN-GSP Preference Margin Log(Import Value) Log(GDP)
   WTO Member Democracy

51) GSP Utilization = MFN-GSP Preference Margin Log(Import Value) Exports
   (%GDP) WTO Member Democracy

52) GSP Utilization = MFN-GSP Preference Margin Log(Import Value) Log(GDP)
   WTO Member Democracy

53) GSP Utilization = MFN-GSP Preference Margin Log(Import Value) Exports
   (%GDP) WTO Member Democracy

54) GSP Utilization = MFN-GSP Preference Margin Log(Import Value) Log(GDP)
   WTO Member Democracy

55) GSP Utilization = MFN-GSP Preference Margin Log(Import Value) Exports
   (%GDP) WTO Member Democracy

56) GSP Utilization = MFN-GSP Preference Margin Log(GDP) Exports (%GDP)
   WTO Member Democracy
57) GSP Utilization = Log(Import Value) Log(GDP) Exports (%GDP) WTO Member Democracy

58) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) Democracy

59) GSP Utilization = Lag(GSP Utilization) Log(Import Value) Log(GDP) Exports (%GDP) WTO Member Democracy

60) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(GDP) Exports (%GDP) WTO Member Democracy

61) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) WTO Member Democracy

62) GSP Utilization = MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member AD/CVD Ruling Democracy

63) GSP Utilization = MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member Democracy

64) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member Democracy

65) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member U.S. Ally Democracy

66) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member ODA (%U.S. Aid) Democracy
68) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member U.S. PTA Democracy

69) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member Partisanship Democracy

70) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member UN Ideal Point Difference Democracy

71) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member U.S. FDI Stock Democracy

72) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member FDI (%GDP) Democracy

73) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member FDI (%GDP) Democracy

74) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member Democracy

75) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member Democracy

76) GSP Utilization = Lag(GSP Utilization) MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member Democracy

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77) GSP Utilization = \text{Lag(GSP Utilization)} \text{ MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member AD/CVD Ruling U.S. PTA Democracy}

78) GSP Utilization = \text{Lag(GSP Utilization)} \text{ MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member AD/CVD Ruling U.S. PTA U.S. FDI (%GDP) Democracy}

79) GSP Utilization = \text{Lag(GSP Utilization)} \text{ MFN-GSP Preference Margin Log(Import Value) Log(GDP) Exports (%GDP) WTO Member AD/CVD Ruling Democracy}


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