

Susanne Lohmann and Sharyn O'Halloran, "Divided Government and U.S. Trade Policy: Theory and Evidence." International Organization 48, no. 4 (Autumn 1994), pp. 595-632.

GW Bush summary: The party you to which you belong has no ideology besides opportunism.

?: what is the role of legislative institutions in making trade policy? when will Congress grant trade policy making power to the President?

Competing theories: Presidential dominance – Congress has delegated much of its authority already, so the president’s interests will drive the formation of trade policy. Congressional dominance – delegation of authority does not equal relinquishing power. Oversight, administrative procedure, etc, are effective for watchdogging the executive branch, so trade policy will mirror congressional interests. Also, Republicans tend to be more free trade-y than Democrats.

Lohmann and O'Halloran synthesize the first two theories into a general formal model of institutional rule setting and policy making, and test its implications against all three competing theories, with a historical overview and an econometric analysis... this was one teched up article.

Policy preferences for individual legislators are tied to the utilities that particular trade policies would bring to their districts – to their producers and their consumers (directly and indirectly). The president has a national constituency and wants to maximize the sum of all of these districts. When there is no partisan conflict each district is weighted equally, when there is conflict, the president will favor those in her own party.

The Game: Two stages, institutional design and policy game. Congress moves first, deciding between 3 options – delegate to pres (Pres Dominance), delegate but constrains also (Delegation and Accommodation Game), no delegation at all (Congress Dominance). Then nature shocks the districts, and the congress or the president make proposals which are voted on by congress.

POLICY GAME	Congressional Dominance Game	Presidential dominance Game	Delegation and Accommodation Game	
			Voting constraint not binding	Voting constraint biding
Level of Protection	High and inefficient	Low and efficient	Low and efficient	High and inefficient

To the extent that Congress has influence, their inefficient logrolling and norm of universal benefits will prevent them from seeking the most efficient tariffs. Presidents will be more able to propose efficiently.

INSTITUTIONAL DESIGN GAME	Non Partisan Case	Partisan Case	
		Unified Govt	Divided Government
Degree of Delegation	Full delegation (pres dominance)	Full delegation (pres dominance)	<ol style="list-style-type: none"> 1. no delegation (congressional dominance) 2. partial delegation (delegation and accommodation) 3. full delegation (pres dominance)

Trade Policy outcomes: Policy will be more protectionist under divided than unified government.

Voting Implications: Voting on institutional arrangements will exhibit partisan cleavages more than on presidential trade policy proposals.

In general, the historical overview of trade legislation on congressional delegation to the executive supports their model, with the GOP making things difficult for Truman and the Dem’s doing the same for Ike, Nixon, and Reagan.

After testing the voting implications, L&O'H turn to testing the effectiveness of their model in predicting trade policy outcomes, with the miracle of econometrics. Their DV is a time-series data set of the US tariff level (just like Milner – ignoring NTBs!) – or more accurately, the derivative of the tariff level. To explain the variance in the DV, they got data on inflation and unemployment changes (as controls), and a slew of dummy variables – coded 1, 0, or –1 depending on where Dem's or GOP's were in Congress, the Presidency or if they split. The analysis suggests that “divided government will lead Congress to delegate less authority to the executive and therefore we should observe higher levels of protection.” Also, party does not matter – both of them are out to limit the power of the other one, ideology does not matter.