

Ronald Rogowski, "Political Cleavages and Changing Exposure to Trade", American Political Science Review, Vol. 81, No. 4, December 1987

Rogowski combines two hypothesis to analyze trade:

1) The Stolper-Samuelson theorem asserts that trade protection benefits (and trade liberalization harms) the owners and consumers of factors which are scarce in a society relative to the rest of the world. The opposite holds true for abundant factors. Thus, in a society rich in capital and poor in labor, protection benefits capital and hurts labor, while trade liberalization benefits labor and hurts capital.

2) Becker's simple political economy model asserts that not only will beneficiaries of change try to continue and accelerate it, they will also have more political power as their benefits rise over time. Conversely, those who are made worse off will try to halt the change. Thus the winners from trade will seek trade liberalization while the losers will seek trade protection.

Thus as trade becomes more or less difficult (due to transportation innovations, the presence/absence of an international hegemon) domestic political cleavages will emerge between the winners and losers, and we can predict which group will win.

Rogowski restricts his model to three factors which characterize society: land, labor, and capital. He further assumes that no society can be rich both in land and labor.

These assumptions lead Rogowski to characterize four types of economies and how changes in exposure to trade affects political cleavages in each type:

- 1) Capital rich, land rich, labor poor → Class conflict. Increased trade benefits capitalists and land-owners, and harms rural and urban workers.
- 2) Capital rich, land poor, labor rich → Urban-rural conflict. Increased trade benefits workers and capitalists, and harms farmers and land owners.
- 3) Capital poor, land rich, labor poor → Urban-rural conflict. Increased trade benefits farmers and land owners, and harms workers and capitalists.
- 4) Capital poor, land poor, labor rich → Class conflict. Increased trade benefits workers and harms capitalists and land-owners.

Rogowski identifies examples from the late nineteenth century when the transportation revolution led to expanding trade. As type 2, Britain experiences urban-rural conflict (which produces the Liberal Party--a coalition of capitalists and workers who favored free trade). As type 3, the US experiences urban-rural conflict (in the form of the Populist movement). As type 4, Germany experiences class conflict (which produced German socialism and the anti-free trade coalition of land-owners and capitalists).

Rogowski later identifies examples from the post-depression period of the twentieth century when absence of a hegemon led to declining trade. As type 1, the US this time experiences class conflict (only labor benefits from decreased trade, which leads to the New Deal). As type 2, Germany and Italy experience urban-rural conflict (only the rural sector benefits from decreased trade, which hurts and radicalizes both labor and capital--the result is Hitler and Mussolini). As type 3, Argentina, Brazil and other land-rich states experience urban-rural conflict (decreased trade benefits labor and urban middle classes, which leads to populist coalitions against rural elites). As type 4, Eastern European states, Japan, China, and Vietnam experience class conflict (decreased trade debilitates labor and strengthens landowners and capitalists, leading to fascism).

Rogowski further argues that increasing trade in the sixteenth century (spurred by progress in shipbuilding) explains the emergence of what Wallerstein calls "core" and "periphery" economies. The increase in trade benefits the core states of northwestern Europe (capital rich, labor rich), and hurts the Eastern European states (capital poor, labor poor) of the periphery. Moreover, increasing trade in the nineteenth century generally leads to pervasive class conflict in Europe in the late nineteenth century since most European states were capital poor and land poor. Following the Great Depression of the 1930s, Rogowski claims that declining trade generally explains fascism in Europe and populism in Latin America. After World War II, US hegemony yields increasing trade, which causes class conflict to fade away in capital rich, labor rich

Western Europe and Japan. It also increases the influence of landed elites in Latin America, promotes labor militancy in Asia and Southern Europe, and leads to class conflict and suppression of labor in North America, Australia and New Zealand. Rogowski believes his theory may explain other historical features, such as the preference for statism among late industrializers (capitalists and landowners need a strong state to subdue radical labor), the absence of socialism in the US (socialism appears only in labor rich backward economies under conditions of expanding trade), and the appearance of the Northern coalition in the US Civil War.

Rogowski relaxes his assumption that a state cannot simultaneously be rich or poor in both land and labor. Even if societies that are rich or poor in all three factors exist, they will not have any cleavages because rich societies will unanimously embrace free trade, while poor societies will prefer protection. There are, however, two remaining variants. In a capital rich, labor poor, land poor country, expansion of trade pits a protectionist coalition of labor and agriculture against free-trading capitalists (like Sweden in the 1930s). In a capital poor, labor rich, land rich country, expansion of trade leads to a free-trading anti-capitalist coalition (like Russia prior to World War II).

Rogowski addresses three potential criticisms of his theory. First, his model might not apply to countries that do not depend much on trade. He replies that while the effects will be smaller, they will still occur. Second, his model does not account for the persistence of the cleavages—why don't actors abandon losing sectors and thus facilitate political equilibrium? He replies that change is often too quick, and greater political influence makes rents and subsidies preferable to adaptation. Finally, his model disregards the outcomes of cleavage conflicts. Rogowski answers that he is only interested in predicting the emergence of cleavages, not their outcomes. [Huh??? – What was all that historical evidence about who gained the upper hand?]