

# Partisanship, Trade Policy, and Globalization: Is There a Left–Right Divide on Trade Policy?

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Are there noticeable differences among political parties in a country over their trade policy positions? Do left parties advocate different trade policies than right parties? In the advanced industrial countries where labor tends to be scarce, are left parties more protectionist than right ones, which represent capital owners? Political institutions within these democratic countries may affect the role of partisanship. We also investigate whether increasing globalization has led to more or less partisan polarization over trade policy. We examine 25 developed countries from 1945 to 1998 to see how their parties have competed over trade policy. Controlling for various factors, partisanship matters. Right parties consistently take more free trade stances than do left ones. Globalization and other international forces have also shaped both the nature and the extent of the domestic debate over exposure to international trade.

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Do political parties compete over trade policy? Since international trade has significant and predictable redistributive effects, politicians are likely to be concerned about trade policy in their efforts to win elections. If so, parties should develop positions on trade policy that reflect their constituents' interests. As they do on other issues, parties should thus adopt positions on trade policy that reflect their overall ideological or partisan position in policy space. Studies of macroeconomic policy (both fiscal and monetary) have shown that such party differentiation occurs; left-wing parties prefer policies that increase government spending and induce growth, while right ones favor policies that induce lower spending, balanced budgets, and lower inflation (see, e.g., Hibbs, 1978, 1987; Lange and Garrett, 1985; Alesina, 1987, 1988; Alesina and Rosenthal, 1989, 1995; Roubini and Sachs, 1989a, 1989b; Alvarez, Garrett, and Lange, 1991; Alesina and Roubini, 1992; Hicks and Swank, 1992; Alesina, Roubini, and Cohen, 1998; Boix, 1997, 1998; Garrett, 1998;

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*Authors' note:* We thank John Huber very much for sharing his data with us and for commenting on various versions of this. We also thank Alberto Alesina, David Baldwin, William Clark, Jeffrey Frieden, Edward Mansfield, Lisa Martin, Greg Wawro, Nolan McCarty, Howard Rosenthal, Robert Trager, Robert Shapiro, Mike Hiscox, Gahl Hochman, Kaare Strom, and B. Peter Rosendorff for their helpful comments. We received very helpful comments from seminar participants at the University of California at San Diego, April 2001, the Research Group on Political Institutions and Economy Policy (PEIP) at Harvard University, supported by the Weatherhead Center for International Affairs and the Center for Basic Research in the Social Sciences, May 2001, and APSA 2002 panel. Milner also received generous support from the Center for Advanced Study in the Behavioral Sciences at Stanford, CA, during the 2001–2002 year.

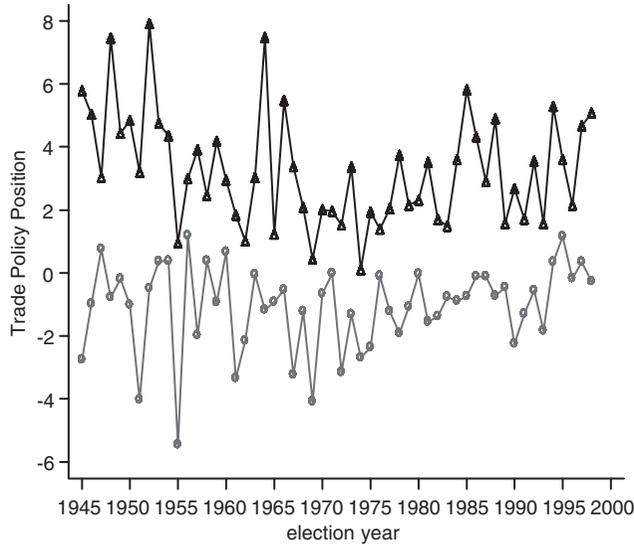


FIG. 1. Left and Right Trade Policy Positions (● is left; ▲ is right)

Iversen, 1999). Others have shown that historical, partisan cleavages among parties can predict their positions on new issues, such as European integration (e.g., Marks, Wilson, and Ray, 2002). Does trade policy also induce such partisan competition among parties?

We seek to identify whether there is a noticeable difference among political parties in a country on their trade policy positions. Furthermore, we ask whether this difference relates to an overall left-right ideological distinction among parties. Do left parties advocate different trade policies than right parties? In other words, can we use parties' positions on an overall left-right partisanship scale to predict their trade policy preferences? Many theories about parties and trade policy respond negatively, predicting instead the convergence of parties' positions. For instance, so-called specific factors models of trade policy predict that parties will be riven by internal dissension over trade policy and unable to form coherent positions on it, so that competition among parties on trade is muted or nonexistent (see, e.g., Hiscox, 2002).

Figure 1 shows the average trade policy position taken by left versus right parties in the OECD countries from 1945 to 1998.<sup>1</sup> It suggests that left and right parties do distinguish themselves on their attitudes toward the openness of the economy. Parties coded as right-wing on a general ideological scale usually announce positions more favorable to free trade and free markets generally in their electoral manifestos than do left parties.

In addition to this central question, we address two related issues. First, does partisanship still matter when controlling for the political institutions in which parties are embedded? Do domestic political institutions, such as the structure of the party system, the nature of electoral rules, or the constitutional system of government, affect parties' position taking on trade? If such institutions matter, we should detect important cross-national differences in the way parties compete over trade policy. Partisan competition may be heightened or damped by different political institutions, such as presidential or parliamentary systems. Figure 2 shows

<sup>1</sup> We use the left-right partisanship scale discussed in the Appendix to dichotomize parties into left and right groups. For each country and election year we generated a mean partisanship score; parties scoring at or below the mean were designated left; parties scoring above the mean were right. The party positions on trade were then averaged across the years by partisanship.

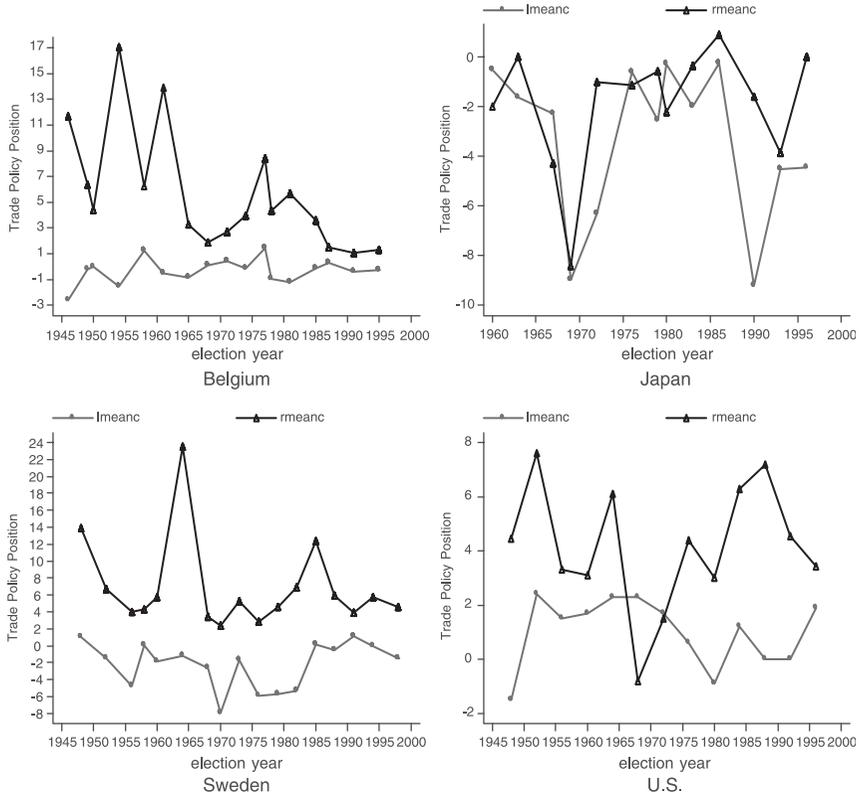


FIG. 2. Crossnational Variation in Party Competition over Trade (● is left; ▲ is right)

the aggregate data on partisan positions on trade policy from 1945 to 1998 for four countries separately. These graphs suggest that countries do differ in the nature of their partisan competition over trade policy. But these graphs do not explain why they differ.

A second, subsidiary issue involves longitudinal change. Has there been change over time in party competition over trade? Many have speculated that globalization will erode differences in countries' and their parties' positions on trade. No longer in an era of increasing globalization is protectionism possible or desirable. This suggests that party differences over trade, if any exist, will be attenuated over time. As globalization increases, any left-right divide over trade policy might decline. On the other hand, globalization pressures are filtered through each country's domestic politics, and their historically based party systems may be highly resistant to such changes. Indeed, globalization may increase class conflict in these developed countries and hence exacerbate the partisan debate over trade. Are such international pressures leading to convergence or divergence domestically in the politics of trade?

Figure 3 shows aggregate data on how the range of debate over trade policy within all the countries has changed over time. It measures the standard deviation in each election year among all parties within each country on trade policy; for each year the data for different countries, having elections in that year, are then averaged to show the mean standard deviation across all countries. The graph shows a marked decline in this range over time, with the linear trend line of the predicted values in black. Is it globalization that is causing this decline in the extent of political debate over commercial policy?

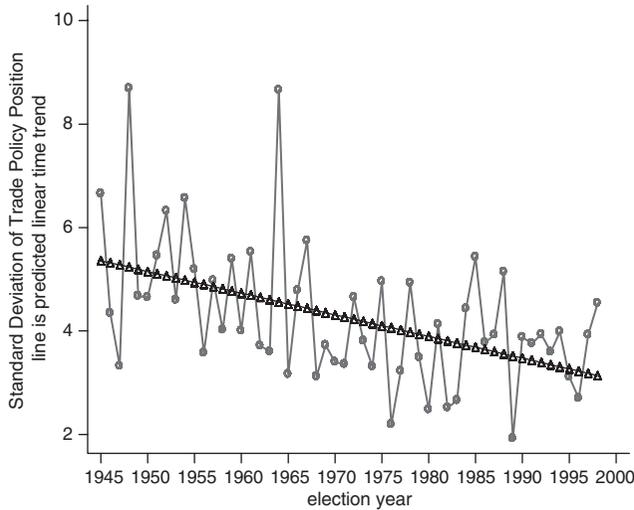


FIG. 3. Extent of Divergence Among Parties on Trade, 1945–1998

We explore these issues by first identifying the hypotheses found in the literature on trade policy, party competition, and globalization. We present a causal story of how a party might choose its electoral manifesto position on trade policy, exploring the factors that influence the selection of the optimal electoral position on trade for a party. Finally, we present the results of our quantitative analysis of party positions to see whether and how partisanship, domestic institutions, and international factors matter for trade policy debates. We examine 25 advanced industrial countries over the period from 1945 to 1998 to explore how their parties have competed over trade policy.<sup>2</sup>

Our results show that partisanship and global economic forces matter a great deal. In terms of position taking, right parties consistently take more free trade positions than do left ones. Holding many other factors constant, partisanship matters. So does globalization, however. Countries that are more exposed to international markets have parties who, holding constant their ideological location, are more supportive of free trade. Increasing globalization results in greater preferences among all parties for free trade. Furthermore, greater integration into the world economy consistently reduces partisan competition over trade policy; globalization thus indirectly affects partisan politics.

### Hypotheses from the Literature

There is a vast literature on the political economy of trade policy. Little of it addresses the role of political parties, largely because the main theories of trade policy predict that partisan influences should be unimportant. Two major theoretical traditions discount the importance of partisanship in trade policy. First, trade policy theories that focus on interest groups (e.g., specific factors models) suggest partisanship should not matter. If trade policy results from the preferences and influence of interest groups, then partisanship is likely to be irrelevant because each party tends to represent multiple interest groups with different preferences. Instead, the character of the economic interest groups and their political clout

<sup>2</sup> The countries are Sweden, Norway, Denmark, Belgium, Netherlands, Luxembourg, France, Italy, Germany, Austria, United Kingdom, Ireland, Canada, Australia, New Zealand, Japan, United States, Turkey, Switzerland, Spain, Portugal, Greece, Iceland, Finland, and Israel.

determine trade policy (Pincus, 1975, 1977; Caves, 1976; Lavergne, 1983; Ray, 1981; Baldwin, 1985; Treffer, 1993). Hiscox (2001), for example, argues that when factors of production are immobile, as they increasingly appear to be since 1945, industry-level variables, rather than partisanship, will better explain the demand and supply of trade policy. As he points out, when factor mobility is high and Stolper-Samuelson models of trade apply, parties should be unified internally on trade and divided amongst each other along class lines. On the other hand, “at low levels of mobility, ... Ricardo-Viner effects will create divisions between owners of the same factor in exporting and import-competing industries, dividing party constituencies and party representatives in legislatures” (Hiscox, 2002: 36). He and others argue that specific factors models are more relevant today.

Magee, Brock, and Young (1989:183; hereafter MBY) for one concur. In discussing the powerless politician effect, they claim that trade policy can largely be “explained by those exogenous variables that drive the behavior of special interests and general interests who favor or oppose protection.” Economic sectors organized as special interest groups are expected to dominate trade policy, rendering parties irrelevant (see also Grossman and Helpman, 1994). Hence when specific factors models apply and interest groups dominate trade politics, parties should not compete over trade along overall ideological or partisan lines.

Partisanship is also unimportant in a second, common set of explanations of trade policy that focus on the international system. The theory of hegemonic stability (HST) is exemplary here (Krasner, 1976; Lake, 1993), as are theories that emphasize the size of countries (e.g., Katzenstein, 1985). For these theories, a country’s international position—as, say, a hegemon or a small state—determines its trade policy preferences; and political parties within it would not be expected to deviate from this national preference. Cleavages should exist across countries, given their international positions, but not within them.

The existing literature on trade and partisanship is small, exploring mainly the US and the UK. Examining American trade policy between 1877 and 1934, Epstein and O’Halloran (1996) show that Republicans enacted higher tariffs and Democrats lower ones, even after controlling for economic factors. For Great Britain, Irwin (1994, 1996a) has shown that partisanship mattered in the early 20th century, as the Conservative Party was more protectionist than Labor. For the US and Britain, there is evidence that partisanship might matter to trade, at least in the 19th century and early 20th; however, this evidence demonstrates that right parties tended to favor protection, while left ones supported freer trade (see also Conybeare, 1991).

Magee, Brock, and Young (1989) address these issues for more recent periods. MBY argue that industry-level variables are more important than partisan ones in the US since World War II, while noting some evidence of continuing Republican protectionism. Unlike many, they claim that the Republican Party has been more protectionist than the Democrats well into the 1980s (193–195). Keech and Pak (1995) show, however, that the Republicans have now become the party of free trade, arguing that this reversal of partisan positions results from “the position of American labor in an increasingly open economy.” Partisan competition might be expected in the US and Great Britain since they have two-party systems where voters can more easily appreciate competition over trade.

Cross-national studies of partisanship and trade are few. Simmons (1994:197–201) shows that for a group of countries during the interwar period, changes in tariffs were affected strongly by partisanship, with left-wing parties in Parliament favoring reductions in tariff barriers. Verdier (1994) presents evidence showing that since World War II, partisan competition over trade has been prominent and growing in the UK and France, but is of little influence in the US, because of the different institutional structures of the countries. Rogowski (1989) loosely associates parties with factors of production. Using the Stolper-Samuelson theorem, he

predicts that if land and capital are abundant in a country while labor is scarce, a left-right party division with the left in favor of protection and the right for free trade will emerge. On the other hand, if capital and labor are abundant and land is scarce, urban-rural conflict should predominate, obscuring class and party divisions. After 1948 both the left and right in Europe, he argues, have “tended toward unity and moderation” in their trade policies, supporting economic integration and openness (100–104) and blunting partisan debates over trade. In the US, Canada, Australia, and New Zealand, in contrast, he predicts class conflict over trade, with labor and the left parties that represent it favoring protectionism (98).

Both theory and data suggest that the extent of partisan competition might differ according to the nature of domestic political institutions. Within the vast theoretical literature on the determinants of partisan competition, Downs (1957) shows that in two-party systems, parties interested only in winning office should never compete over policy; they should instead converge on the policy favored by the median voter. If one uses the strict assumptions in Downs’s model, then parties should not compete over trade policy, or any other policy. Instead they should all converge on a centrist position that reflects the median voter’s preferences.<sup>3</sup> As one relaxes the assumptions in Downs’s original model, however, only conditional convergence or even divergence becomes possible. An enormous literature on the institutional conditions under which partisan competition as opposed to convergence should occur exists (e.g., Wittman, 1977, 1983; Calvert, 1985, 1996; Enelow and Hinich, 1990; Strom, 1990; Shepsle, 1991; Grossman and Helpman, 2002). This literature has expanded to include models of how different political institutions and party systems affect partisan competition (e.g., Cox, 1987, 1990; Austen-Smith and Banks, 1988; Schofield, 1993; Osborne, 1995).

Political institutions are likely to affect partisan competition, and hence we expect cross-national differences in partisan competition over trade policy. What is less clear is exactly how these institutions should matter. One might expect that the closer the system is to one with two parties, plurality rule, parliamentarism and a unitary state, the closer one is to partisan convergence à la Downs (e.g., Cox, 1990; think of New Zealand). With respect to trade policy, on the other hand, Rogowski (1987) argues that PR systems (with parliamentary government and numerous parties), relative to plurality ones, should foster centrist tendencies inducing pro-free trade policies among all parties. His more recent work, however, argues the opposite: majoritarian systems seem more likely to be associated with centrist pressures among the parties in favor of freer trade and the lower prices associated with it (Rogowski and Kayser, 2002). Given the diversity of hypotheses about the role of political institutions in shaping partisan competition, we do not have specific expectations about their impact.

The last body of literature to which this project is relevant concerns globalization. Globalization, meaning the integration of national economies into an international one, has surged greatly in the past few decades (see, e.g., Keohane and Milner, 1996). Claims exist that this has led to a convergence in the economic policy orientations of many countries. For instance, Boix (2000) and Iversen (1999) show that partisan differences over macroeconomic policies have declined lately as globalization has risen. Others, in particular Garrett (1998) and Swank (2002), argue that globalization is not shrinking partisan differences, but is perhaps even increasing them. Globalization might widen the political debate among parties over trade by exacerbating class conflicts; on the other hand, it might damp party differences over trade as the costs of protectionism rise in a globalized world.

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<sup>3</sup> This should be especially true if the Downsian assumptions hold: there are only two parties in the political system, all agents have complete information, preferences are single-peaked over a unidimensional policy space, and parties care mostly about winning elections and can make credible commitments.

Whatever their specific effects, globalization as well as domestic institutions are expected to influence partisan competition over trade.

### The Argument

Our central claim is that a party's position on a unidimensional left-right ideological scale will have an important, predictable impact on its trade policy position. In the developed countries studied here, class should be a central cleavage dividing parties; left-wing parties should be more representative of labor, while the interests of capital are more supported by right-wing parties. Because of these historically derived class cleavages, left parties should take positions more favorable to protection, and right ones should be more free trade oriented. While not surprising from some vantage points, the models discussed above often predict convergence in party positions, not partisan divergence. In particular, specific factors models of trade predict that parties should be so internally divided over trade that competition among parties on the issue is virtually nonexistent. Moreover, when partisan influences have been found, they have often shown that partisanship works the opposite of what we are predicting: that is, that left parties are the ones favoring free trade, not right parties. So we ask whether the class cleavages in party systems map onto their preferences over trade, and whether these partisan divisions are altered by other domestic or international factors. To test these claims, we examine data on party positions on trade policy in 25 developed countries, mostly OECD ones, over the fifty-three-year period from 1945 to 1998. Our data show that partisanship matters, as does globalization.

What generates a party's preferred policy position, particularly on trade policy? As noted above, a number of theories try to explore this general question. Our argument is closest to that derived from cleavage theory. According to this theory, the positions that parties adopt on issues reflect the historical divisions in a country's social and economic structure and the ideologies that express these divisions. The class cleavages built into the party systems of developed democracies are most salient; the left-right orientation reflected in them matches up with the Stolper-Samuelson division of trade policy positions between labor and capital.

Parties tend to locate themselves in terms of domestic political debates along a unidimensional left-right ideological spectrum in order to attract voters who harbor similar preferences.<sup>4</sup> A party's general ideological position arises from its historical position on a number of cleavages in society. For most OECD countries, a central cleavage around which they formed was class. Parties representing the working class fought their way into the system and then into government in the late 19th and early 20th centuries. These left-wing parties typically reflected the class-based preferences of their core constituents, workers. And as Lipset and Rokkan (1967) argued years ago, these old class cleavages persist in the party systems of today.<sup>5</sup> Despite vast social, political, and economic changes, the party systems of the 1990s looked similar to those of the 1940s. Parties have been able to keep large bodies of citizens identifying with them over a long period of time and to renew their core clienteles from generation to generation.

This class cleavage is the source of a party's preferred policy on trade because classes embody the factor endowments of a country. The partisan nature of trade policy arises from its distributional consequences. Under certain circumstances, these consequences relate to factors of production rather than specific industries,

<sup>4</sup> For a defense of uni- (or low) dimensionality of ideological preferences see, among others, Laver and Hunt (1992) and Poole and Rosenthal (1997).

<sup>5</sup> "The party alternatives, and in remarkably many cases the party organizations, are older than the majorities of the national electorates. To most citizens of the West the currently active parties have been part of the political landscape since their childhood" (Lipset and Rokkan, 1967:50).

sectors, or entire nations. The theory of international trade (i.e., the Heckscher-Ohlin theorem) sets forth the distributional consequences of trade and trade policy for factors of production, like labor, land, and capital. The Stolper-Samuelson theorem (1941) further demonstrates that factors of production (e.g., capital-owners, labor, land-owners, and skilled or unskilled workers) in which a country is relatively scarce lose from trade and hence from trade liberalization, while abundant factors gain from trade and thus lose from protectionism. These distributional consequences occur because trade policy differentially affects each factor's income according to its relative abundance. If countries' party systems are organized around historically derived class lines, then parties should adopt the different trade policy preferences of the factors of production that they represent. Hence if left parties, like the Socialists or Communists, represent labor, then they should adopt different trade policy positions from right parties (like Conservatives and Christian Democrats, for example) who represent capital owners. One would thus expect a left-right divide on trade policy among political parties, as Rogowski (1989) has implied.

Two caveats arise. First, we do not explore whether parties accurately reflect their constituents' interests. We assume that in democratic settings different constituencies have different trade policy preferences and that the parties reflect these preferences. Moreover, we assume that parties and constituents know their own preferences, since they can evaluate how trade policy affects their constituents' incomes. Thus we have a theory of why these preferences emerge as they do, but we do not test this.

Second, we are not looking at outcomes. Our dependent variable is a party's electoral manifesto position on trade policy; we do not measure what parties actually do when in power. We believe that parties' electoral programs are to some extent a reflection of what policies they would pursue in office. It means something if parties go out of their way to take explicitly opposing positions on trade policy. However, this does not mean that parties with different manifesto positions will implement them once in office, but it signals that they are more likely to. Others have shown that in various domains party programs do accurately predict party behavior once in office (e.g., Budge and Hofferbert, 1990; Klingemann, Hofferbert, and Budge, 1994). In terms of trade, Dutt and Mitra (2002) demonstrate that in relatively capital rich countries, such as the OECD ones here, left-wing governments do indeed adopt more protectionist trade policies. Hence some empirical support exists for the claim, which is not tested here, that partisan competition matters for actual policy.

Three empirical concerns make us wary of approaching the link between party positions and actual government policy choices. First, we can only know the policy choices of those who enter the government. Those who remain in opposition never reveal what they would do if they held office. Second, many governments involve coalitions of parties who adopt policies that reflect a compromise among the parties. Policy is explicitly a compromise, and hence not directly an indicator of any single party's preferences. Third, unlike other policy areas that have mainly domestic effects, trade policy choices also include an estimation of the international reactions to one's proposed policies. Especially if the country is small, its trade policy choices may depend heavily on those of other countries (see, e.g., Gawande and Hansen, 1999).<sup>6</sup> For these reasons it is very difficult to assess what the actual trade policy choices of parties are; therefore, we prefer as a first step to examine their electoral manifesto positions.

Does partisanship in trade policy matter among the developed countries since 1945? All of these countries have reduced their tariff levels substantially over the

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<sup>6</sup> For instance, Gawande (1995) shows that even US non-tariff barriers are significantly driven by retaliatory motivations against its major trading partners; they do not respond only to domestic pressures.

post-WWII period, notwithstanding different parties in power (IMF, 1992). Moreover, by joining GATT/WTO these countries have negotiated to bind their tariff levels, and more recently some NTBs, according to internationally agreed upon levels. If it is costly to ignore such international constraints upon trade policy, then parties in all of these countries should have much less room for maneuver. Finally, the EC/EU presents another constraint upon a government's ability to change trade policies since countries in the EC/EU have agreed to relinquish their own national trade policies.<sup>7</sup>

While these factors are important, parties still have had ample space for designing their own trade policies. Although tariff levels have universally declined, other barriers to trade, so called NTBs, have not. They have often risen as tariffs have declined and they have shifted over time and across countries (IMF, 1992:13–15). In addition, subsidies to domestic industry have grown, and under certain conditions these perform the same function as tariff barriers (IMF, 1992:17–21). Furthermore, as part of the development of new trade policies, countries have adopted increasing legal barriers to trade flows in the form of trade laws. Originally the US and one or two other countries employed such trade laws, like antidumping, countervailing duties, escape clauses, etc., but now most countries do (IMF, 1992:119–122). The proliferation of these instruments has followed the decline in tariffs. Interestingly, Hansen (1990) finds that partisanship matters even for these instruments; Democratic members of Congress are more likely to vote to provide trade law protection to US industries than are Republicans. Finally, countries have found another instrument that enables them to selectively target protection for their industries: preferential trade agreements (PTAs) have blossomed lately (Mansfield and Milner, 1999). Governments still have plenty of room to set their own trade policies broadly construed, and hence reason to compete over trade if they so desire.

### The Empirical Model

Our central empirical proposition is that in the OECD countries left-wing parties, which represent voters with lower capital to labor ratios, should prefer protection; right-wing parties, which represent those with higher capital to labor ratios, should prefer free trade. Our main dependent variable is the trade policy position of party  $p$  announced during the electoral campaign at time  $t$  in country  $i$ . The central independent variable represents each party's general left-right ideological position on a unidimensional issue scale. A party's choice of trade policy preferences should be affected by both its political institutions and external pressures such as globalization. The impact of partisanship within a party system may depend on the nature of the country's political institutions and the extent of its globalization.

Our data set is a pooled cross-section of political parties in 25 countries over 53 years (or roughly 15 elections per country) between 1945 and 1998.<sup>8</sup> This panel is three-dimensional since parties are nested within countries in election year-months. (We have 288 parties total represented over this period, and 362 separate elections in particular year-months for a total of 1991 observations; all manifesto data are from Budge, Klingeman, Volkens, Bara, and Tannenbaum, 2001.) The data is organized in country-electoral year/month-party format, where some measures vary across all three dimensions (a party's stance on trade), while others

<sup>7</sup> One assessment of the EU in the 1990s notes that “[i]n external trade policy, history-making decisions to open up the EU's huge market to foreign competition have frequently been stifled by subsystemic decisions to deploy anti-dumping or other protective measures” (Cowles and Smith, 2000:29).

<sup>8</sup> The countries are Sweden, Norway, Denmark, Belgium, Netherlands, Luxembourg, France, Italy, Germany, Austria, United Kingdom, Ireland, Canada, Australia, New Zealand, Japan, United States, Turkey, Switzerland, Spain, Portugal, Greece, Iceland, Finland, and Israel.

(such as GNP) are measured at the country-year level and others, such as world transport costs, vary only with time. The panels are unbalanced and have gaps (between the elections).

The dependent variable,  $\text{FreeTrade}_{pit}$ , captures a political party  $p$ 's announced position on trade policy issues in country  $i$  for election period  $t$ . It was constructed using data from the Comparative Manifesto Project (CMP) as presented in Budge et al. (2001). The CMP codes a party's written electoral platforms and policy speeches in order to determine its official stance on a large number of issues (for more discussion see Budge, Robertson, and Hearl, 1987; Laver and Budge, 1992; Klingemann, Hofferbert, and Budge, 1994; Budge et al., 2001). Every sentence in the party platform is analyzed to see which of 59 categories it best fits. Researchers count the number of references, positive or negative, to each of these issues made in each manifesto and then aggregate these; in turn they are weighted by the average length of different party platforms.<sup>9</sup>

The dependent variable, FT, was constructed by adding the total number of statements made in favor of free trade and free markets and subtracting this from the total number of positive references to the need for government intervention in the economy and protectionism.<sup>10</sup> Increasing values of this variable indicate a growing preference for free trade. In constructing our dependent variable, we tried to get as accurate a measure of a party's stance on trade as possible by using a broad concept of trade policy. The CMP data include two categories for pro- and anti-protectionist statements; we include both of these. But we also include two other categories that relate to support for free markets and support for government intervention in the market. These are broader categories that go beyond just narrow support for protecting national markets. Including these broader categories is important since protectionism has been a taboo doctrine for the last 50 years (Irwin, 1996b). Few groups or parties in the West since the Great Depression have been willing to claim the label of protectionist. In addition, trade policy in the developed countries is much more diverse than just erecting tariff barriers. This is another reason why we think that including these broader questions relating to support for, or opposition to, government intervention into markets is useful. Measures of protectionism alone do not capture the wide range of policies that can be used to change the prices and quantities of imports and exports that flow across a country's borders.

Our main independent variable is a party's position on a single dimensional ideological scale that varies between left (extreme left = 0) and right (extreme right = 10). We hypothesize that a party's position on a general left-right ideological scale is a good predictor for its trade policy preferences. A party's partisan identity reflects in part its society's historic cleavages, among the most important of which is class. In these developed countries, given the importance of class cleavages in their party systems, we expect that right-wing parties should be more favorable to free trade, while left-wing parties should be more favorable to protectionism. Rogowski's additional hypothesis, which we test, is that partisanship should be less important in Europe and more in the US, Canada, Australia, and New Zealand since 1945. The null hypothesis about partisan identity suggested by

<sup>9</sup> Laver and Garry (2000) have criticized the CMP data for being focused on the relative salience of different issues rather than on the substantive direction of policy preferences. For our two categories, however, we have so-called positional information. The codings are for pro- and anti- statements about these policy choices.

<sup>10</sup> The exact measure from CMP is  $\text{FreeTrade} = (\text{per407} + \text{per401}) - (\text{per406} + \text{per412})$ . As noted above, the CMP codes party manifestos according to how many counts of each of 59 categories the phrases of the manifesto can be decomposed into. For the dependent variables here, we add the number of times a manifesto mentions positively "support for the concept of free trade" and "support for free enterprise capitalism with the superiority of individual enterprise over state and control systems," minus the mentions in the manifesto for "support for extension or maintenance of tariffs to protect internal markets, and other domestic economic protectionism such as quotas" and "support for direct government control over the economy and government intervention into the economic system."

the specific factors model is that there should be no difference across the parties in trade policy platforms.

To test this relationship, we derive a measure of parties' left-right orientation. Scholars have undertaken a variety of approaches to this problem. The best estimates of left-right partisanship come from Huber and Gabel (2000), using the CMP data to generate factors scores aligning the parties on the major axis dividing them. These scores, as Huber and Gabel have shown, are highly correlated with those using expert surveys, in which leading scholars in the field are asked to fill out questionnaires about specific party systems. In the past these expert survey scores have been the standard workhorses for measuring the ideological position of parties on a unidimensional left-right scale.<sup>11</sup> Huber and Gabel show, however, that their scores are not only highly correlated with these alternatives, but also more accurate.<sup>12</sup> Furthermore, they are available for more countries and over a longer period of time. We use the factor scores of the parties on their main left-right axis (lagged one electoral period), Left-Right, as the main independent variable. See the Appendix for its construction.

The 25 countries in our data have a wide range of political institutions, even though they are all democratic.<sup>13</sup> As Figure 2 suggests, position-taking and partisan competition vary by country, perhaps because of these institutional differences. We need to control for these variables in order to estimate the impact of partisanship. But they may also operate in interaction to shape the way parties take positions and thus affect the extent of party competition. The structure of the party system is an important factor, but one that is difficult to separate from the electoral system. From Duverger (1959) on, electoral rules and the number and magnitude of electoral districts have been widely thought to affect party competition. As noted before, there is no single expectation about how such political institutions should affect the trade policy preferences of parties or the nature of partisan competition. Since the number of parties, the electoral rules (PR vs. plurality), and district magnitude are so closely correlated in the data, we use a measure of electoral rules that combines these. Our measure, ERULE, is 0 if the country has plurality, 1 if it uses some mix of plurality and PR, and 2 if it is PR. For this measure then, low scores are related to two-party systems and single-member districts as well as plurality rules; high scores code indicate 3 + party systems, multimember districts, and PR.

In addition, the nature of the governmental system may matter. Whether the system is presidential or parliamentary and whether it is federal or unitary may also shape how parties go about defining their electoral positions. Following Rogowski (1987), one might expect presidential systems to have more conflict over trade. Federal systems may also erode partisan differences over trade compared to unitary ones, because such systems may allow interest groups much greater access to policymaking. We thus include a dummy variable for federal ones (FED) and for presidential systems (PRES).

We also interact these variables with the left-right position of parties, since we expect these institutions to influence the role of partisanship. Following Cox (1990) among others, we include three interaction terms. For party systems, electoral rules, and district magnitude, we interact ERULE with our partisanship variable (ERULE\*LR). To capture the effects of federalism on party competition, we include

<sup>11</sup> Castles and Mair (1984) coded ideological position by asking country experts to rank the ideological positions of parties on a 10-point scale with 0 as ultra-left, and 10 ultra-right. Another measure is by Huber and Inglehart (1995), who use an expert survey which ranks parties along a similar 10-point spectrum. A third measure is from Laver and Budge (1992). A fourth measure is from Laver and Hunt (1992), whose data differ because it reported at the "issue" level.

<sup>12</sup> The correlation between our measure and the first three is roughly 0.7 and is always significant at the .01 level.

<sup>13</sup> For those countries in the group that were not democratic in 1945, our data only begin when they become so. Hence, for instance, data for Spain and Portugal begin only in the mid 1970s.

a dummy interaction term for federal systems (FED\*LR). Finally, we explore the interaction between presidential systems and partisan competition (PRES\*LR).

We also employ several party-specific measures to control for confounding effects. The strength of a party, as measured either by its vote-getting ability or by its seats in Parliament, may affect its behavior. Minor parties may adopt more extreme, or “irresponsible,” positions (e.g., Sartori, 1976). And parties who face disproportionate hurdles to convert their votes into seats may also be expected to act differently. To control for these factors, we include variables for party strength, such as how many votes they obtain or seats in the legislature they have (VOTE or SEATS), and a measure (computed using Gallagher’s index) of how disproportionately the votes of the party were translated into seats in the last election (PROPIND), all lagged by one election. We do not have expectations about how these should affect a party’s announced trade position.

Finally, we control for a variety of economic factors that have been associated with trade policy. First, a country’s relative size and power may shape its trade policy. Parties in smaller countries, as measured here by (the log of) their population (LNPOP), are expected to be more favorable to free trade (Katzenstein, 1985; Mansfield and Busch, 1995; Garrett, 1998). A country’s level of development (as indicated by the natural log of its per capita GDP) may also influence the nature of trade policy. Higher levels of development are associated with higher average endowments of capital, which in turn suggests that voters on average should be more favorable to free trade, as should parties.  $LNGDPC_{it}$  is the natural log of real per capita GDP measured in constant 1986 US dollars (PWT 6.0).

Have trade policy preferences among parties changed over time? During the more than 50 years of data, a number of global changes have occurred, including rapid globalization. Included are a series of variables to capture international influences on political parties. We use a measure of the country’s exposure to trade:  $OPEN_{it}$  is a measure of nation  $i$ ’s trade dependence in electoral period  $t$ , coded as the sum of its exports and imports divided by its GDP. Following the literature, we anticipate that voters in countries that are more open will be more favorable to free trade since they gain greatly from it, and thus that parties should be less protectionist. This growing openness is part of the globalization countries have experienced over the past decades. Countries have greatly increased their exposure to international markets. For example, in the early 1950s, the US had only 9% exposure, the UK about 46%, and Germany about 15%; by the mid 1990s, the US had 24% of its GDP accounted for by trade, the UK had 68%, and Germany had 43%. All the countries have faced rapidly growing exposure to global markets.

We also attempt to evaluate the impact of globalization using a different measure. World transport costs,  $TranspCosts_t$ , derived by Hummels (1999), using cif to fob ratios supplemented with data on shipping costs, provides a good indicator of the exogenously induced part of globalization. These costs have declined by 11% over the period, suggesting a fairly steady increase in pressures for global integration among all countries. This is in some ways a better measure of globalization than are those focusing on trade or capital flows because it is less endogenous to governments’ trade policy choices.

To ascertain whether globalization affects partisan competition itself, we also examine a series of interaction terms. First, we interact trade openness with the party’s overall left-right orientation lagged (OPEN\*LR). Globalization may have an indirect impact on party’s trade policy preferences through its impact on the extent of partisan competition. Second, we include an interaction between transport costs and left-right orientation (TC\*LR). Again, increasing pressures from globalization might reduce partisan competition over trade indirectly as well.

Because a number of theories predict that a country’s external position should affect its trade policy, we also include a measure of hegemony.  $HEG_t$  captures the United States’ market power in year  $t$ , using US imports and exports as a

percentage of the world's total trade, as in other studies of hegemony (e.g., Mansfield, 1994). Hegemonic Stability Theory predicts that when American hegemony is high, other countries will follow its lead and prefer free trade. American hegemony according to this measure has waxed and waned over the 53 years. From a zenith of about 16%, it declined by 25% until 1979, and then it rose again back to 15% by 1998.

Table 1 contains basic statistics on each variable and its source. Our model examines a party's choice of its trade policy position as a function of partisanship, political institutions, economic factors, and globalization pressures:

$$\begin{aligned}
 FT_{pit} = & \alpha + \beta_1(YEAR_t) + \beta_2(L - R_{pit-1}) + \beta_3(SEATS_{pit-1}) + \beta_4(HEG_t) \\
 & + \beta_5(LNPOP_{it}) + \beta_6(LNGDPC_{it}) + \beta_7(OPEN_{it}) + \beta_8(TC_t) + \beta_9(PRES_{it}) \\
 & + \beta_{10}(ERULE_{it}) + \beta_{11}(PRES_{it} * LR_{pit-1}) + \beta_{12}(ERULE_{it} * LR_{pit-1}) \\
 & + \beta_{13}(OPEN_{it} * LR_{pit-1}) + \beta_{14}(TC_t * LR_{pit-1}) + u_p + \varepsilon_{pit}.
 \end{aligned}$$

This model suggests that parties, when deciding on their trade policy positions, try to reconcile this choice with their overall partisan identity (best known by their last party manifesto statement) as well as the impact of today's economic circumstances and today's political institutions. We include party fixed effects (which in linear combination are equal to country fixed effects) and a year counter (YEAR) to deal with time trends.

Our data present a challenge since they are in an unusual time series cross-section (TSCS) format with parties in unique election dates by country. In addition, the data violate many of the usual Gauss-Markov assumptions necessary for OLS to be BLUE. We ran OLS regressions first and tested them for heteroscedasticity using the Cook-Weisberg test, which indicated that the null hypothesis of constant variance was rejected. We ran the model using random effects and then tested

TABLE 1. Summary Statistics

<i>Variable</i>	<i>Obs.</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>Min</i>	<i>Max</i>	<i>Source</i>
FreeTrade	1979	1.22	5.11	- 27.9	41.5	CMP
Left-Right	1691	6.72	1.25	0	10	CMP
YEAR	1991	1974	15	1945	1998	
LNPOP	1813	9.12	1.43	5.02	12.50	PWT 6
OPEN	1813	61.77	32.59	4.53	200.29	PWT 6
LNRGDPC	1813	9.45	0.46	7.51	10.43	PWT 6
TC	1892	1.05	0.02	1.01	1.13	Hummels
HEGEMON	1922	0.14	0.01	0.12	0.17	IFS
SEATS	1700	50.17	68.70	0	490	CMP
PRESIDENT	1979	0.12	0.33	0	1	DPI + HRS
ERULE	1991	1.54	.76	0	2	DPI + HRS
PRES*LR	1686	0.86	2.38	0	9.84	
ERULE*LR	1691	11.82	6.25	0	22	
OPEN*LR	1617	420.43	236.18	0	1642.12	
TC*LR	1665	7.09	1.31	0	10.57	
L-R2	1691	46.74	15.59	0	100	
EU	1991	0.35	0.48	0	1	
EU*LR	1691	2.88	3.85	0	11	

PWT 6 is Penn World Tables v. 6.0; see Summers and Heston, 1991 and update.

CMP is Comparative Manifestos Project; see Budge et al, 2001.

HRS is Huber, Ragin, and Stephens, 1997.

DPI is the World Bank, Database of Political Institutions; see Keefer, 2001.

IFS is IMF, International Financial Statistics, various issues.

Note for interaction terms Left-Right is rescaled from 1 to 11.

whether these were appropriate using the Lagrange multiplier test that  $\text{var}(u_i) = 0$ . This was also rejected, implying fixed effects were appropriate. Finally, we tested for serial correlation by regressing the idiosyncratic residuals from the equations on the lag of the residuals and the independent variables. This test suggested a mild level of first-order autocorrelation, which we attempt to correct. Thus we derived our results using feasible generalized least squares (FGLS) with corrections for heteroscedasticity in the panels, an AR1 time series process, and party fixed effects. Since our number of time periods (elections per party) was small (on average  $T = 8$ ), especially relative to our number of units (on average  $N = 200$ ), we chose not to use panel corrected standard errors; Beck (2001:274) recommends against using them when  $T$  is less than 10 since they depend on asymptotic assumptions about  $T$ .

We are using party fixed effects, which put a great deal of strain upon our data; they absorb the impact of any unchanging feature of any party (or country, since a linear combination of the parties equals a country). We include a regression using country fixed effects as well in Table 2; it simply shows that our results hold even more strongly when this is done (as is true for all of the equations). Since we expect partisan location to be rather static, using them is a hard test for our hypothesis. Moreover, any institutional feature that is not changing over time within a country is dropped from the model, as is the case with federalism, for example.

#### *The Empirical Results*

Table 2 presents the basic results of the regressions on a party's trade policy position. Table 3 presents the impact of political institutions when interacted with partisanship. Table 4 shows the results from interactions between the globalization measures and partisanship. The partisanship hypothesis performs well, as Tables 2–4 show.<sup>14</sup> The positive coefficient on Left-Right means that parties that have a right-wing ideological location announce trade positions that favor free trade. The more left-wing their general ideological position is, the more protectionist they are, *ceteris paribus*. As we expect, the party location variable is always positive and significant. Partisanship seems to have an important effect on trade policy, holding many other factors constant.<sup>15</sup> Holding all other variables constant in equation #3, a one-unit increase in their ideological position (i.e., a move to the right) is associated with a 29% increase in support for free trade.

To assess the robustness of the model, we ran numerous other tests. We dropped one country at a time from the regression (equation #3) and in every case, the Left-Right variable was positive, stable, and significant. We also used a different version of the dependent variable, including just the questions for protectionism and dropping those regarding intervention in the economy. This measure of party trade policy position is weaker since most parties do not have explicit statements

<sup>14</sup> When dealing with interaction terms, the coefficient on the partisanship variable (Left-Right) is the L-R coefficient plus the one for the interaction term. In all cases when using interaction terms, the values of the coefficients on Left-Right and its interaction term when combined are positive and usually very significant. In Table 4, the coefficient on Left-Right alone is negative because of the interaction terms and their high collinearity. Once we add the coefficients for Left-Right and its interactions in equations #10–11, the coefficient is always positive and significant. The joint Left-Right coefficient in equation #10 is 0.374 ( $p > .015$ ); in equation #11 the joint coefficient on Left-Right is .621 ( $p > .004$ ).

<sup>15</sup> We estimated the same equations using OLS with robust standard errors and using the first difference estimator (XTREG), both with party fixed effects. The coefficients and significance levels were very similar to those in Table 2. Using equation #3, for example, the OLS coefficient with robust standard errors and party fixed effects for left-right was 0.349 (rse = 0.18;  $p > .05$ ). Using equation #3, the first difference estimate with fixed effects was 0.349 (se = 0.17;  $p > .04$ ).

TABLE 2. Regression Results on a Party's Trade Manifesto Position (FT)

<i>Dependent Variable:</i>	<i>Party Position on Trade Policy</i>			<i>Country FE</i>	
	(1)	(2)	(3)	(4)	(5)
Left-Right	<b>0.291***</b> (0.043)	<b>0.305***</b> (0.035)	<b>0.270***</b> (0.049)	<b>1.060***</b> (0.073)	<b>0.259***</b> (0.067)
YEAR	<b>0.031***</b> (0.006)	<b>0.040***</b> (0.010)	<b>0.035***</b> (0.010)	0.008 (0.018)	<b>0.027**</b> (0.011)
LNPOP	<b>0.567***</b> (0.195)	- 0.037 (0.345)	- 0.037 (0.347)	<b>1.007**</b> (0.490)	0.023 (0.369)
LNRDGPC	- <b>1.309***</b> (0.261)	- <b>1.792***</b> (0.363)	- <b>1.629***</b> (0.385)	- <b>1.214*</b> (0.686)	- <b>1.450***</b> (0.416)
OPEN		<b>0.016***</b> (0.004)	<b>0.014***</b> (0.004)	<b>0.016**</b> (0.007)	<b>0.013***</b> (0.004)
TC		- <b>4.605***</b> (1.748)	- <b>5.263***</b> (1.890)	- 0.313 (3.916)	- <b>6.197***</b> (1.947)
HEGEMONY		<b>23.259***</b> (3.736)	<b>21.999***</b> (3.974)	<b>19.764***</b> (6.009)	<b>19.147***</b> (4.178)
SEATS		<b>0.007***</b> (0.001)	<b>0.006***</b> (0.001)	0.000 (0.001)	<b>0.006***</b> (0.001)
PRESIDENT			<b>1.484***</b> (0.355)	<b>1.118**</b> (0.441)	<b>1.373***</b> (0.381)
ERULE			- 0.007 (0.329)	<b>0.578**</b> (0.247)	0.053 (0.353)
EU					0.313 (0.713)
EU*LR					- <b>0.032</b> <sup>^</sup> (0.097)
Constant	- <b>55.75***</b> (10.751)	- <b>63.25***</b> (17.035)	- <b>53.79***</b> (18.625)	- 22.55 (32.712)	- <b>39.264*</b> (20.390)
Observations	1574	1535	1530	1530	1530
# of parties	186	183	183	183	183
Log likelihood	- 3384.95	- 3389.77	- 3368.97	- 3795.24	- 3370.50
Wald chi2	449562	38968	32425	355	36995
Prob > chi2	0.000	0.000	0.000	0.000	0.000
rho	0.018	0.021	0.017	0.266	0.020

Estimated with feasible GLS (XTGLS in STATA 8), party fixed effects except #4 where country FE, heteroscedastic panels, ARI correction.

Standard errors in parentheses.

\*significant at 10%; \*\*significant at 5%; \*\*\*significant at 1%; <sup>^</sup> jointly significant at 5% with L/R.

about protectionism, as we anticipated. But even with this dependent variable the left-right partisanship variable was positive and significant using equation #4. We also looked at the impact of alternative measures of ideological position. The best alternative measure of partisanship that has roughly complete data is that provided by the CMP research group (Budge et al., 2001:21); it is calculated by simply adding what are considered right-wing responses to the CMP manifestos and subtracting left-wing ones. It runs from - 100 for a perfect left-wing party to 100 for a perfect right-wing one. Using this measure of partisanship in equation #3, we get similar results; right parties take more free trade positions than do left ones ( $\beta = .011$ ;  $se = .003$ ;  $p > .000$ ). The other alternatives to the CMP measure are expert survey scores like those from Castles-Mair. The problem with these measures is that they stop in the mid-1980s, dropping about 50% of our observations. As a test, we imputed values to the Castles-Mair score using our partisanship measure and the partisanship score from the CMP; then we used



TABLE 4. The Interaction of Partisanship and Globalization

<i>Dependent Variable</i>	<i>Party Position on Trade Policy</i>		
	(9)	(10)	(11)
Left-Right	<b>0.429***</b> (0.127)	– <b>0.409<sup>^^^</sup></b> (1.438)	– <b>0.195<sup>^^^</sup></b> (1.150)
YEAR	<b>0.032***</b> (0.011)	<b>0.033***</b> (0.012)	<b>0.036***</b> (0.011)
LNPOP	– 0.042 (0.346)	– 0.061 (0.349)	– 0.105 (0.349)
OPEN	<b>0.034***</b> (0.013)	<b>0.034***</b> (0.013)	<b>0.035***</b> (0.012)
LNRGDPC	– <b>1.565***</b> (0.404)	– <b>1.604***</b> (0.415)	– <b>1.747***</b> (0.404)
TC	– <b>6.132***</b> (1.969)	– 11.513 (8.805)	– <b>10.973*</b> (6.630)
HEGEMONY	<b>20.140***</b> (4.139)	<b>20.089***</b> (4.165)	<b>21.736***</b> (4.039)
SEATS	<b>0.006***</b> (0.001)	<b>0.006***</b> (0.001)	<b>0.007***</b> (0.001)
PRESIDENT	<b>1.446***</b> (0.364)	<b>1.439***</b> (0.363)	– 0.145 (1.319)
ERULE	– 0.020 (0.328)	– 0.031 (0.328)	0.476 (0.891)
OPEN*LR	– <b>0.003<sup>^^^</sup></b> (0.002)	– <b>0.003<sup>^^</sup></b> (0.002)	– <b>0.003<sup>^^^</sup></b> (0.002)
TC*LR		<b>0.786<sup>^^</sup></b> (1.346)	<b>0.671<sup>^^^</sup></b> (1.067)
PRES*LR			<b>0.226<sup>^^^</sup></b> (0.192)
ERULE*LR			– <b>0.079<sup>^^^</sup></b> (0.111)
Constant	– <b>47.506**</b> (19.958)	– <b>43.240**</b> (21.000)	– <b>49.273***</b> (18.546)
Observations	1530	1530	1530
# of parties	183	183	183
Log likelihood	– 3371.69	– 3373.09	– 3373.10
Wald chi2	24974	24824	27290
Prob>chi2	0.000	0.000	0.000
rho	0.015	0.015	0.017

Estimated with feasible GLS (XTGLS in STATA 8), party fixed effects, heteroscedastic panels, ARI correction. Standard errors in parentheses.

\*significant at 10%; \*\*significant at 5%; \*\*\*significant at 1%; <sup>^</sup> jointly significant at 10% with L-R; <sup>^^</sup> jointly significant at 5% with L-R; <sup>^^^</sup> jointly significant at 1% with L-R.

government, and the positions taken by parties in the past election, as measured by the standard deviation of the parties' trade positions (sdFreeTrade), do not seem to matter consistently.<sup>16</sup> We also included a quadratic term for partisanship, LR2, to see if extreme parties changed the relationship. Evidence for this is not strong. The high degree of collinearity between Left-Right and LR2 ( $r = .98$ ) meant that we had to use a likelihood ratio test of its impact. This test indicated that the quadratic term was not significant ( $\chi^2 = 0.16$ ;  $p > .69$ ).

<sup>16</sup> We do not include all of these variables since they were never significant. Results for the others can be obtained from the authors.

The economic environment in which parties find themselves affects their position-taking slightly. A country's size, as proxied by its population, never had a consistent impact on the choices parties made about their trade policy positions. This finding seems contrary to many expectations that "small states" should prefer free trade. Parties in richer or more developed countries, as measured by their real per capita GDP, were more likely to favor protection, however, holding all else constant. This seems surprising as well since one would expect richer countries to be more favorable to free trade.

International influences were much more important. First, American economic hegemony had a significant impact in all the equations. When American economic hegemony rises, parties in these countries all shied away from protectionist electoral platforms and became more positive toward free trade, even when holding each party's partisanship constant, among other factors.

Globalization plays an important role in domestic party competition. In Table 2, the extent of a country's openness to trade exerts a consistently positive effect, as globalization arguments maintain. Parties in more open economies announce more free trade positions, holding their overall partisanship and other factors constant. This lends support to claims by Katzenstein (1985) and Rogowski (1987) that political actors in open economies support free trade. Rising openness seems to generate pressures for parties to adopt a position more favorable to free trade. Current openness in part is a signal of past trade policy. Governing parties that have chosen more openness before thus may create new preferences for openness by doing so.

As Table 4 shows, when interacted with partisanship, trade openness reduces the impact of parties' partisan identity. A one standard deviation increase in openness from its mean in equation #9 leads to a 42% reduction in the impact of overall partisan identity on a party's choice of trade policy position.<sup>17</sup> At levels of openness around 97% of GDP (such as those experiences by Belgium or Ireland by the 1990s), partisan location no longer has a statistically significant impact on a party's trade policy position. At high levels of openness, partisan identity no longer drives debates over trade policy. Rising globalization may well affect party competition over trade policy directly and indirectly.

Declining world transport costs, a hallmark of exogenously driven globalization, lead in the same direction.<sup>18</sup> As such costs decline and distance becomes less important, parties adopt positions more favorable to free trade. In Table 4, moreover, the interaction of transport costs and partisan identity is significant (jointly with Left-Right). The coefficient for the impact of partisanship now includes both the term for Left-Right and the interaction term; this joint coefficient is always positive and significant in equations #10–11.<sup>19</sup> In equation #10, a one standard deviation reduction in transport costs from its mean, holding openness at its mean, leads to a 7% reduction in the impact of a party's overall partisan identity on its trade policy choices. Globalization affects parties directly by making them more

<sup>17</sup> The coefficient on Left-Right in equation #9 is  $.429 - (.003 * \text{open})$ . The mean of open is 62%; hence, at its mean, the coefficient on Left-Right is  $.429 - (.003 * 62) = .24$ . An increase of one standard deviation in open (+ 33%) leads to a coefficient of  $.429 - (.003 * 95) = .14$ . The percentage difference between these coefficients is  $(.24 - .14) / .24 = 42\%$ .

<sup>18</sup> Unlike US hegemony which moves up and down over the five decades, openness rises and transport costs decline steadily over the period. The year variable, which may also proxy globalization pressures, is positive and significant, implying that over time parties are becoming more positive toward free trade, all else constant.

<sup>19</sup> In Table 4, the coefficient for Left-Right is equal to the Left-Right coefficient added to the interaction term(s). Hence for equation #10, the coefficient on Left-Right is  $-.409 - (.003 + .786) = .37$ ,  $p > .015$ . Holding TC and OPEN at their means, the coefficient on Left-Right is  $.244$ ,  $p > .000$ ; holding OPEN at its mean and reducing TC from their mean by one standard deviation leaves the coefficient for Left-Right at  $.226$ ,  $p > .002$ ; leaving TC at its mean and increasing OPEN from its mean by one standard deviation lowers the coefficient on Left-Right to  $.151$ ,  $p > .082$ .

favorable to free trade and indirectly by decreasing the partisan divisions over trade policy.<sup>20</sup>

The pressures of the international market seem to be affecting the dynamics of domestic politics; as economies become more integrated globally, parties may be forced to respond to the incentives that such changes create. Increasing exposure to trade seems to be playing a role in domestic party competition over trade. The impact of openness shows globalization at work. Parties in the presence of globalization pressures choose more free trade orientations than otherwise, holding other factors constant. Hence no matter what their ideological propensity, parties in the OECD countries are affected by globalization in similar ways: they become more favorable to free trade. Moreover, both measures of globalization suggest that it is indirectly affecting domestic politics by attenuating the impact of historical class cleavages in party systems on the politics of trade policy.

Political institutions are expected to have an impact on parties' stances on trade issues. We examined a variety of political institutions, but few of them have much impact on a party's choice of trade policy position. Federalism, the size of the party system, and district magnitude were generally insignificant. In part since these institutions are rarely if ever changing, the fixed effects regressions cannot adequately deal with them. On the other hand, when we omitted the party fixed effects none of these was significant either. Electoral rules and presidentialism had more impact. By itself, whether a country was presidential or not seemed to have a significant impact on a party's choice of trade policy; all else constant, parties in presidential systems were more likely to be freer trade oriented than those in parliamentary ones. Given Rogowski's claims (1987) about PR and the association of PR systems with parliamentary democracy, this finding is not confirmatory of his early arguments.

As shown in Table 3, when interacted with partisanship, both electoral rules and the form of government tended to matter (conditional likelihood tests that all three variables were zero rejected this null hypothesis at the  $p > .000$  level in equation #8). In equation #6, the coefficient on Left-Right in parliamentary systems is .278 ( $p > .000$ ), but in presidential ones it increases to .563 ( $p > .004$ ). In presidential systems, the impact of partisanship is to make a party more supportive of free trade than a similarly located party would be in a parliamentary system. Moreover, in presidential systems the parties are far more divided over trade policy than in parliamentary ones. In plurality systems in equation #7, the coefficient on Left-Right is .485 ( $p > .017$ ), but in PR systems it falls to .385 ( $p > .000$ ). Thus, in PR systems parties are more protectionist than they would be in plurality ones.

But PR systems damp partisan conflict over trade, relative to plurality ones. In equation #8, the coefficient on partisanship in presidential systems with plurality rules is .642 ( $p > .008$ ), but this decreases greatly (to .289,  $p > .000$ ) in systems with PR and parliamentary rules. Presidential systems with plurality rule increase substantially partisan conflict over trade policy, relative to PR ones. In neither set of political institutions does convergence occur, however. Institutions thus interact with partisanship to shape domestic political competition over trade policy.

To summarize, a party is likely to announce a position more supportive of free trade when it is more right-wing in ideological location, is more exposed to international trade, operates in a presidential system, faces higher levels of American economic hegemony, has more seats in the last parliament, operates in a

<sup>20</sup> We have some data from the late 1970s onward on import and export duties as a percent of total imports and exports from (WB WDI 2001). These data are not very reliable since they clearly contain biases. They have obvious endogeneity problems, since tariffs affect the level of imports and export duties affect the level of exports. Indeed, the limit-prohibitive tariffs reduce imports to zero and thus are not captured at all by this measure. Because countries have different tariff structures, this introduces a serious bias in this measure. Moreover, this is only one small element of trade policy in most of these GATT/WTO countries.

country with lower levels of development, and confronts a world of growing globalization. Countries with presidential systems also induce right and left parties to take positions more favorable to free trade than they would in parliamentary ones. The interaction of electoral institutions and partisanship is to make parties in plurality systems with presidents far more divided on trade policy than those in PR, parliamentary systems. Partisan competition thus interacts with political institutions to shape party behavior. Finally, globalization also affects party politics on trade. Indirectly, it reduces the impact that a party's historical class cleavages have on its trade policy preferences. As globalization rises, partisan conflict over trade declines. International pressures influence domestic partisan competition in important ways, and increasingly so as globalization proceeds. One explanation for the steady decline in party competition over trade policy shown in Figure 3 may be increasing globalization over the past five decades.

### Conclusions

We have addressed three issues: the impact of partisanship on a party's trade policy position in its electoral manifesto, the nature of cross-national differences in party behavior, and the effect of globalization on party choices of their trade policy positions. The historical class cleavages around which many of these party systems developed exert a strong influence on parties' trade policy preferences. The partisan identity of a party has a consistent impact on the choices of the electoral manifesto positions that it adopts on trade policy. Left-wing parties in advanced industrial countries advocate more protectionist policies than do right-wing parties. These findings remain true even when holding many other political and economic factors constant. Partisanship based on class cleavages is a good predictor of a party's trade policy position.

In addition to partisanship, domestic institutions also seem to matter. But their role is more subtle, and difficult to discern. In this study we did not find much role for institutions like federalism, district magnitude, or the party system. This may be because electoral rules correlate heavily with at least these last two institutions. Our findings do suggest that the form of government and electoral rules do matter, but most often in combination with partisanship. Presidential systems, as opposed to parliamentary ones, induce parties to adopt electoral positions more favorable to free trade. But presidential systems increase partisan conflict over trade policy, seemingly exacerbating class cleavages. Electoral rules exerted an inconsistent effect. But when interacted with partisanship, such rules affect the influence of partisanship over trade policy. Plurality rules (usually accompanied by two-party systems with SMD) increase partisan conflict over trade. In plurality systems a party will take an electoral position more supportive of free trade than will the same party in a PR system. For left-wing parties, this means they will be more protectionist in PR systems. Although counter to Rogowski's early claim (1987) that PR systems should be associated with support for freer trade, this supports Rogowski and Kayser's later prediction (2002) that PR systems are associated with policies that increase prices, such as protectionism. PR systems, however, do reduce partisan debate over trade as well.

Globalization matters as well. We find no effect for small countries per se. But more developed ones promote parties that are more protectionist, *ceteris paribus*. Parties in countries that are more open (holding size and level of development constant) are less protectionist, thus supporting both Katzenstein (1985) and Rogowski (1987). Increasing exposure to international markets makes all parties, regardless of their partisan location, less favorable to protectionism. Moreover, rising exposure to international markets reduces the impact of partisan identity. As globalization grows, the differences among parties in a country over trade policy decline, as all become more free trade oriented.

Overall, we make five main claims about broader debates. First, the evidence suggests that parties diverge in their electoral platforms; they do not converge on some centrist position. Partisan identity in developed countries remains a good leading indicator of a party's future trade policy preferences. The separation between left and right parties shown in Figure 1 underlines this point. Second, class still seems to matter. Class cleavages embedded in parties are able to predict trade policy preferences; industry-specific factors do not override this, nor do international pressures. Third, political institutions matter but in ways not well predicted by existing theories. Some institutions, especially presidentialism and electoral rules, exert rather complex effects on partisan competition over trade. The different patterns of partisan competition shown in Figure 2 may be due to these differences in institutions.

Fourth, globalization is having important domestic effects, moving all parties toward more free trade positions. Greater exposure to international markets is increasing parties' willingness to support free trade in these countries. Globalization pressures are also attenuating the relationship between historic partisan identities and trade politics. The steady decline in the extent of debate over trade policy shown in Figure 3 suggests the power of globalization domestically. Finally, international pressures on domestic political debates are not just limited to globalization. The distribution of power globally, here in the form of economic power, plays a role. American hegemony seems to have the capacity to influence other countries' domestic political debates over trade, in a pattern similar to that conjectured by Lake and James (1989). Contrary to the arguments of some scholars about the declining influence of international forces on trade policy (e.g., Conybeare, 1983), the results here suggest that globalization and the distribution of capabilities internationally exert powerful influences on domestic debates about trade.

Two final points suggest future research opportunities. Ideally, we would like data on the preferences of voters. If we could show that parties' trade positions followed their core voters' preferences, this would be a valuable way to link parties to electoral pressures. It would also be interesting to see if changes in voter preferences lead to changes in party positions, or whether, as Marks and Wilson (2000:435) claim, parties' "policy positions cannot ... be predicted as an efficient response to electoral pressures." This will be difficult to do in a cross-national context, although some work has been done for European countries and the EU (e.g., Gabel, 1998; Scheve, 1999). Bringing voters into the party decision process can help us understand the electoral connection.

Another important step for future research is to ask whether these electoral positions have any impact on actual policy choices, and ultimately whether partisanship is important for trade policy choices. Dutt and Mitra (2002) have found evidence of this, showing that as the Stolper-Samuelson theorem would predict, left-wing parties in capital-rich countries are more protectionist than right-wing ones. As we noted above, this link between manifesto position and policy in trade is difficult to make for several reasons.

Does this research on trade have implications for other issue areas? Many other issues could be discussed in the same terms; indeed, the literature on macro-economic policy inspired this paper (see, e.g., Alesina and Rosenthal, 1995). It would be interesting to see if the same dynamics of partisanship and political institutions could be found in parties' manifestos' positions on other issues. Linking manifesto positions to policy outcomes might also be more feasible since measures of policy are better and international factors may matter less. The problems of dissecting coalition governments and determining what the nongoverning parties prefer remain, however. The assumed counterfactual in these studies is that the behavior of the nongoverning parties can be deduced either from that of parties of similar partisanship in other countries or from the same parties when they were in government at another time. One might question the validity of this, and if so one

might then want to look at manifesto positions. Understanding the entire chain of logic for political parties from the development of their long-term partisan or ideological positions to the issuing of electoral manifesto positions to the formation of governments and finally to the implementation of policy once in office is an important endeavor.

### **Appendix: Construction of Partisanship Score, Left–Right**

Following Huber and Gabel (2000), we constructed our estimate of party ideological (Left-Right) position based on their “vanilla” score, which fared the best in their comparative study of estimation techniques. In this method the left-right scale is defined inductively with no a priori assumptions being made as to the categories that define the spectrum or the manner in which it varies over time and space. Rather ideology is viewed as the primary factor constraining parties’ activities and announced positions on a wide variety of issues. The vanilla method aims to find this primary factor and use it as the basis for the construction of a subsequent score.

Specifically this method applies Principal Factor Analysis (PFA) to the CMP data. This is done to identify the single major underlying dimension that best explains the observed covariance in the 59 policy categories coded across parties. Huber and Gabel (2000:7) point out that principal factors are the appropriate technique for this operation, as they are imposing no assumptions about the nature of the relationship between the variables. Note that issues such as the appropriate weighting of the 59 categories are not the result of judgments by the researchers. Rather, the factor analysis, in identifying the underlying dimension, assigns the “correct” weight to the various categories based on their covariation with each other. We use all 59 categories of the CMP coding of party manifestos to create this ideological scale, including the codings in our dependent variable. We use the lagged (one election cycle) version of the ideology variable.

Following Harman (1976), we then use regression scoring to position the parties along the dominant underlying dimension. This is the accepted technique in cases involving only a single factor. We assign parties to their place on the left-right scale by normalizing their scores on an 11-point scale, with extreme left being closest to zero and extreme right closest to ten.

There are a variety of theoretical assumptions one could adopt when dealing with left-right ideology in a comparative setting. First, one might assume that ideological spectrums are relatively coherent within countries over time. Alternatively one could focus on seemingly similar patterns in political history to argue that ideology varies over time, but not in terms of geography. These two views could also be combined so that variation happens both geographically and temporally. Or one might assume that a “universal” ideological scale exists which transcends temporal or spatial boundaries. All of these assumptions are sound in certain situations. However, Huber and Gabel point out that we can make empirical comparisons between the results of these different pooling assumptions and expert surveys. Upon completing a comparative study of different pooling techniques, they conclude that different pooling assumptions have a large effect on the results of the factor estimations. They found that generally the best estimations of the vanilla score are obtained when the data are pooled by country and time period. We closely followed this estimation technique (and its underlying assumptions) in the construction of our own scale.

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