MERCATUS GRADUATE POLICY ESSAY

THE ROLE OF CONSTITUENCY AND THE POWER OF THE EXECUTIVE BRANCH IN THE US–SOUTH KOREA FREE TRADE AGREEMENT

by Jacob Feldman

MERCATUS CENTER
George Mason University

ABSTRACT

On October 12, 2011, the US Senate ratified the US-South Korea Free Trade Agreement (KORUS)—the largest free trade agreement (FTA) signed by the United States government since the North Atlantic Free Trade Agreement (NAFTA) in 1994. The only consistent predictor of Senate voting on KORUS was each senator's political record of faithfulness/opposition to conservative political philosophy. While forming the bill, there were three necessary attributes for an industry to successfully lobby for protection: united members, a significant economic narrative, and strong political connections to the executive branch. Even though the auto industry only comprised around 5 percent of the original agreement's projected export increases, an entire trade agreement benefiting many industries was nearly discarded until the auto industry's projected exports from the agreement were increased from 28.7 to 35.7 percent—only 1.5–1.9 percent of the total increase in exports to South Korea.

AUTHOR BIO

JACOB FELDMAN
Graduate Student Fellow

In 2010, Jacob graduated from the University of Virginia in three years with a double major in economics and Jewish studies. He completed his master's degree in economics from George Mason University in 2012. His research interests emphasize federal and state tax policy. Previous occupational opportunities include the Heritage Foundation, Americans for Tax Reform Foundation, the Miller Center for Public Affairs, and Larry Sabato's Center for Politics.

COMMITTEE MEMBERS

Matthew Mitchell, Senior Research Fellow, the Mercatus Center at George Mason University

Jason J. Fichtner, Senior Research Fellow, the Mercatus Center at George Mason University

Keith Hall, Senior Research Fellow, the Mercatus Center at George Mason University

Mercatus MA Fellows may elect the Mercatus Policy Essay option in fulfillment of their requirement to conduct a significant research project. Mercatus Policy Essays offer a novel application of well-defined economic theoretical framework to an underexplored topic in policy. Essays offer an in depth literature review of the theoretical frame being employed, present original findings and/or analysis and conclude with policy recommendations. The views expressed here are not necessarily the views of the Mercatus Center or Mercatus Center Graduate Student Programs.

THE ROLE OF CONSTITUENCY AND THE POWER OF THE EXECUTIVE BRANCH IN THE US-SOUTH KOREA FREE TRADE AGREEMENT

Mercatus Policy Essay

By

Jacob M. Feldman
Mercatus MA Fellow
George Mason University

The Mercatus Center at George Mason University
Summer 2012

ACKNOWLEDGMENTS

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

AAFA: American Apparel and Footwear Association

AAPC: American Automotive Policy Council

ACU: American Conservative Union

ADOGA: American Dehydrated Onion and Garlic Association

AFBF: American Farm Bureau Federation

CEI: Competitive Enterprise Institute

COC: Chamber of Commerce

FTA: Free Trade Agreement

GTAP: Global Trade Analysis Project

HS: Harmonized Tariff Schedule

IAM: International Association of Machinists and Aerospace Workers

IPR: Intellectual Property Rights

KIC: Kaesong Industrial Complex

KORUS: US-South Korea Free Trade Agreement

NAFTA: North Atlantic Free Trade Agreement

NAICS: North American Industry Classification System

NAM: National Association of Manufacturers

NCTO: National Council of Textile Organizations

NPPC: National Pork Producers Council

PAC: Political Action Committee

PVI: Cook Political Report Partisan Voting Index

RTAA: Reciprocal Trade Agreement Act of 1934

UAW: United Auto Workers

USA-ITA: United States Association of Importers of Textiles and Apparel

USITC: United State International Trade Commission

USW: United Steelworkers

VRA: Voluntary Restraint Agreement

Introduction

On October 12, 2011, the US Senate ratified the US-South Korea Free Trade Agreement (KORUS)—the largest free trade agreement (FTA) signed by the United States government since the North Atlantic Free Trade Agreement (NAFTA) in 1994. Within academic literature, many different theories explain why a free trade agreement is enacted. This paper engages existing economic and sociological literature to determine how KORUS came to be. Previous economic studies on FTAs found that a concentration of industries anticipating production and job losses in a given state are statistically significant indicators of Senate voting (Kahane, 1996; Kamdar and Gonzalez, 1998; Arce et al., 2008). Studies on broader economic issues have found that political ideology is a voting determinant within Congress (Richardson and Munger, 1990). Sociologists and political economy theorists developed their own trade policy theories including pluralism and the importance of industry connectivity to the executive branch (Mizruchi, 2007; Woods, 2003). The pluralist model examines how businesses compete over government policy (Dreiling, 2000). Pluralism supplements the economic motivations of lobbying with detailed political network analysis of why winners win and losers lose in trade policy outcomes.

Chapter 1 begins with a bird's eye view of trade policy outcomes in KORUS by examining prior economic literature on FTAs. In contrast to much existing literature on free trade agreements in the 1990s and early 2000s, industries expecting to increase exports and industries expecting to lose domestic market share were not statistically significant influences on Senate voting. Instead, developed models in this paper find that KORUS votes were most

consistently determined by the conservative or anti-conservative values of a constituency's median voter. Predictive model power held at 85.71 percent accuracy.

Chapter 2 surveys each lobbying industry in KORUS to understand the details of particular industry outcomes in the FTA. By drawing upon pluralist models, two questions examine the effectiveness of political networking by lobbying industries within KORUS: (1) do industries with united members receive preferential trade policy statuses over divided industries, and (2) are executive branch political connections to an industry seeking protection sufficient to prevent trade liberalization? Letters submitted to the United States International Trade Commission (USITC) reveal that industry unity is a distinguishing characteristic to successfully lobby for a preferred trade position. However, united industries networked to the executive branch may be particularly powerful as well. During KORUS negotiations, US automobile manufacturers and the United Auto Workers (UAW) prevented trade negotiations from advancing until the executive branch increased their share of projected exports—only a 1.5–1.9 percent increase in new projected exports to South Korea.

The paper provides evidence that constituent ideology rather than state economic interests was the reason for Senate voting. Disunity among members of negatively affected industries may explain the lack of statistical significance found in chapter 1. Despite disunity among other industries opposed to KORUS, the auto industry's strong political connectivity to the executive branch nearly prevented the FTA's enactment. Trade policy outcomes were a function of three variables: (1) the economic gains/losses incentivizing lobbying, (2) the unity of industry members, and (3) in the case of pursuing protection, strong political connections to the executive branch.

Chapter 1

Constituency, Special Interests and Personal Ideology within Senate Voting on the US-South Korea Free Trade Agreement

I.   Introduction

On October 12, 2011, the US Senate ratified the United States-Korea Free Trade Agreement (KORUS) with a vote of 83-15 (figure 1). Two other free trade agreements (FTAs) with Panama and Columbia were ratified the same day by smaller margins.[1] KORUS was the largest FTA signed by the United States government since the North Atlantic Free Trade Agreement (NAFTA) in 1994. Between 1994 and 2011, twelve different FTAs have been enacted by the president and Congress.[2] Consistent with prior economic and public choice literature, this paper tests the influence of sectors of the economy which gain and lose from KORUS, constituents, special interests, and personal ideology in political voting. Section (II) presents existing literature on the effects of constituency, forecasted economic growth, special interests, and personal ideology. Section (III) defines the variables and empirical model used to test the motives of Senate voting. Section (IV) shows the results of four different probit tests.

I conclude that faithfulness or opposition to conservative political philosophy is the only statistically significant predictor of Senate voting in all four models. Existing literature leads the study to conclude that senators' votes on KORUS were led by the conservative or anti-conservative values of a constituency's median voter. In contrast to much existing literature on FTAs from the 1990s and early 2000s, industries expecting to increase exports and industries

---

[1] Columbia: 66-33 in the Senate. Panama: 77-22 in the Senate.
[2] Countries include Jordan (2001), Australia (2004), Chile (2004), Singapore (2004), Dominican Republic – Central America Free Trade Agreement (2005), Bahrain (2006), Morocco (2006), Oman (2006), Peru (2007), Columbia (2011), Panama (2011), and South Korea (2011).

expecting to lose domestic market shares were not statistically significant influences on Senate voting.

Figure 1: Senate Voting on KORUS
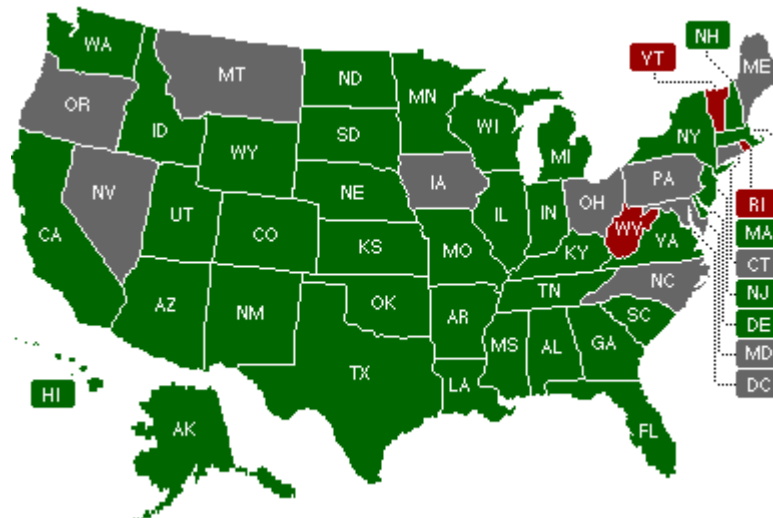
Source: Megavote[3]

II. Theory

Public choice and political economy literature on international trade agreements explains FTAs from several perspectives: (1) special interest lobbying for particular action, (2) constituent preferences for particular action, and (3) the legislator's ideological preferences (Arce et al., 2008). All three are different representations of the utility maximizing politician. Measures of each can be difficult to differentiate from one another. The model in section III details the exact quantitative approach taken by this paper for exploring the influence of these three perspectives. This section conducts a literature review of developed theories and

---

[3] Vermont, Rhode Island, and West Virginia (coded red) were states with a majority of the state's delegation voted against the legislation; Oregon, Nevada, Montana, Iowa, Ohio, Pennsylvania, North Carolina, Maine, Connecticut, Maryland, and the District of Columbia (coded grey) had split delegations; all other states (coded green) had a majority of the state's delegation that voted in favor of the legislation.

empirical work related to KORUS Senate voting. I find conclusions within KORUS similar to the domestic legislation analysis of Richardson and Munger (1990); Senate voting seemed primarily guided by ideology rather than economic interests of constituents or of special interest lobbies. Much of the existing literature finds that senators vote according to anticipated economic gains/losses for their represented state. This paper finds that conservative ideology was a consistent indicator of Senate voting for KORUS. Possible methodological differences may explain these results.

Special Interest Groups and Economic Outcomes. I claim that any potentially affected industry is a special interest group that may deliver potential monies to politicians through PACs and/or potential votes by affected workers. Each industry is a set of potentially motivated individuals willing to expend certain costs in order to advance specific industry benefits. Examples include employees, shareholders, CEOs, and other stakeholders. These industries and their workers may be classified, according to Mancur Olson's seminal 1956 piece "The Logic of Collective Action: Public Goods and the Theory of Groups," as large organizations with common interests vested in specific trade policy outcomes. As a result, these organizations will often lobby for privileged positions that gain a concentrated benefit, while dispersing costs across a broader population. However, lobbying by these organized groups may lead to a concentrated benefit that also betters the general population. University of Aarhus economist Toke Aidt (1997) found that trade policy is the product of lobbying groups in competition, often between those industries in favor of liberalizing trade and those seeking protection.

Empirical evidence suggests that industries forecast to experience economic loss from an FTA are effective at influencing senators to vote against trade agreements. Kahane (1996)

and Kamdar and Gonzalez (1998) created two distinct variables of gainers and losers from the FTA to test the influence of each aisle of industries. US industries may be in favor of, or opposed to, a trade agreement based on the effects of increased liberalization/protectionism. A divide is created between those industries arguing over trade liberalization. Potential industries with export increases want to expand into foreign markets and industries arguing for protection want to minimize the presence of cheaper foreign products. Each aisle of industries may be thought of as an alliance of special interests where each side argues and lobbies through appropriate political channels to adopt certain legislative outcomes. Examining votes within the Senate, Kamdar and Gonzalez (1998) found that senators' NAFTA votes were strongly influenced by negatively affected industries, current exports as a percentage of gross state product, non-farm unions, and corporate and labor political action committees. Kahane (1996) found that unions, the environmental lobby, and US industries anticipating economic losses were consistently statistically significant variables in Senate votes against NAFTA. Kahane found that both forecasted output losses and job losses influenced senators to vote against NAFTA. His results suggest that special interests may be more influential upon a legislator's voting than that legislator's general constituency.

However, industries which would potentially gain from an FTA could theoretically be effective at lobbying for mutual trade liberalization while representing the interests of the general constituency. As part of the Reciprocal Trade Agreement Act of 1934 (RTAA), gainers and losers from the trade agreement agreed to appoint the president as the lead representative of future trade negotiations rather than Congress (Woods, 2003). The president was given charge of being the lead negotiator of trade agreements in order to maximize the

good of the nation. NYU Political Scientist Michael Gilligan (1997) writes that the president is the best suited agent to negotiate a trade agreement because the economic stakes of his constituency are much more broadly construed than that of a senator, who in turn has a larger constituency than a representative. From the perspective of an economist, all else being equal, cheaper prices for a comparable good are self-evidently beneficial to the general public. However, protectionists at the time of the RTAA reforms believed that high tariffs and more expensive goods were the keys to supporting economic growth (Fetter, 1933). From a consumer perspective, it is desirable for exporters to prevail in lobbying efforts for trade liberalization as these reforms emphasize each country's comparative advantage, increasing output and employment in the long run while benefiting constituents with lower prices. Gilligan says in his 1997 book, "In short, the reciprocal trade treaties that the president negotiates concentrate the benefits of liberalization on particular export industries so that they have more incentive to lobby for reciprocal than for unilateral liberalization." Gilligan writes that trade agreements negotiated by the president are more likely to overcome the negative sum-game benefits of protectionism to protect consumer interests and favor export industries. However, existing empirics suggest that the gains accumulating to exporting industries are not statistically significant predictors of Senate voting.

Figure 2: Probability of Voting according to Overall Economic Well-Being

- **President**
- **Senator**
- **Representative**

Depending on the industries affected by a specific FTA, gainers and losers from trade liberalization may find alternative alliance compositions. Industries producing final retail products may argue for tariffs on foreign competitors to remain in place while arguing for tariff liberalization on inputs to factors of production. For example, the representative of the National Confections' Association urged for a tariff on candy, but not on the import of sugar (Schattschneider, 1963). While the US steel industry closely associated tariff removal with a detrimental effect on the auto industry in KORUS, the American Automotive Policy Council, representing GM, Ford, and Daimler-Chrysler, did not express support for the steel industry's position.

However, examining data on tariff duties collected as a percentage of dutiable imports, RTAA appears to have been an effective institutional reform that favors lower prices for consumers and trade liberalization among US trading partners (figure 3). Exporting industries have a concentrated interest in removing tariff barriers, and thereby may represent the interests of non-organized consumers benefiting from lower prices. In the spirit of Olson's interest group theory of collective action, the institutional reforms of RTAA enabled exporters to become an effective lobby with capturable economic gains to counter protectionism in the Senate. How RTAA increased the power of exporters to lobby for trade liberalization is examined in chapter 2.

**Figure 3: Duties Collected as a Percentage of
Dutiable Imports**

Source: USITC
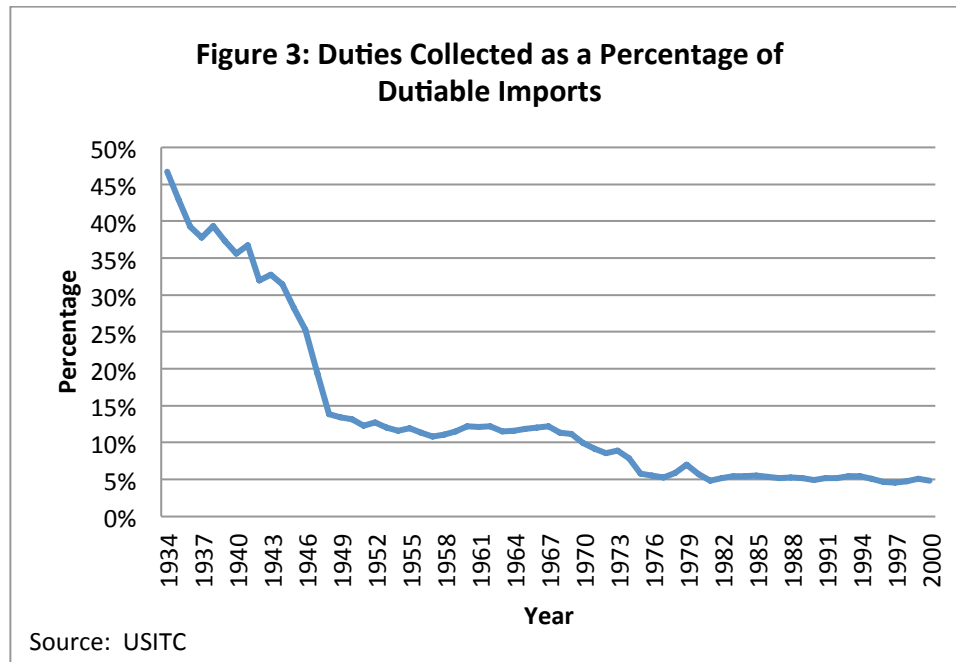
Constituent Interests. The influence of constituency is a second possible explanation for voting outcomes. Constituent interests are balanced between valuing economic growth and ideological preferences that might restrict economic growth. Since the 1970s, Republican politicians are generally more predisposed to trade liberalization then Democrats (Weller, 2009). Constituents may associate themselves with party ideology or political philosophy. Those political philosophies may be liberal, conservative, etc. Recently, groups such as the American Conservative Union (ACU) and Heritage Action for America developed scoring systems to increase constituent awareness of conservative voting records. Even though there may be specific economic gains/losses for the state, politicians may still have a vested interest in not decreasing their political grade among watchdog organizations that circulate an ideological score. University of Chicago economist Sam Peltzman (1984) wrote, "A faithful agent will then sometimes vote against the immediate interest of his constituents to preserve the information value of his liberal voting record. In this case ideology is determined by interest." In theory, a

senator would vote according to the interests of his median constituent in order to maximize his odds of re-election, ceteris paribus. Duncan Black's 1948 paper introduced this median voter theory. Black argued that the median voter's preferred candidate will win against any other candidate. Therefore, if constituents believe their lives will be significantly affected as a result of an FTA or possess an ideological stance, gratifying the interest of the median voter affects the odds of the legislator's re-election. Brookings Institute scholar Anthony Downs popularized the idea of the median voter theorem in his 1957 book, *An Economic Theory of Democracy*. Downs extended Black's work to representative democracy and argued that candidates who take strongly conservative or liberal positions in a general election will tend to alienate the median voter and lose elections. This theorem can lead to strong conclusions about elections. As Congleton (2002) writes in his analysis of the median voter model, "The *strong form of the median voter theorem* says the median voter always gets her most preferred policy." A politician's preferred voting choice set may be limited by maximizing his chance of re-election by a commitment made in the past (Tomz and Van Houweling, 2010). As a result, the *weak form of the median voter* theorem may be more realistic: "The median voter always casts his or her vote for the policy that is adopted." Congleton notes that an implication of the weak form for electoral competition is that the winning candidate always receives the vote of the median voter. If candidates are free to choose policies that maximize their probability of re-election, policy outcomes in Congressional voting should represent the median voter position of each legislator's constituency.

Empirical research suggests that Congress votes according to both economic and ideological constituent interests. Poole and Daniels (1985) found that 80–90 percent of all

Congressional voting can be explained by one-dimensional analyses of liberal and conservative positions, and Democrat and Republican positions. Weller (2009) found party within Congress to be statistically significant in determining the outcome of a representative's vote in trade agreements from the early nineteenth century through NAFTA. In other words, politicians typically vote according to the predominant values of the electing constituency.

Not all the literature favors constituency's ideological rather than material preferences. Arce et al. (2008) found that simulated gross state product effects of US trade were a good indicator of trade policy votes in the Senate. Economists Frey and Schneider (1978) examined the role of presidential voting in key economic bills. They found that presidents vote according to personal ideology when the economic benefit of a bill is not perceived as necessary for re-election. Peltzman (1984) found that anticipated effects of economic issues not related to redistribution of wealth retained above-average explanatory power in Senate voting. Personal ideology in Congress only wielded influence over Senate voting on social policy issues. However, as Peltzman notes, ideology is not limited to constituency signaling. The senator faces other constraints including faithfulness to party and personal reputation. The literature suggests that the weight of ideological and economic preferences is subject to change among constituencies over time.

Personal Ideology. Much of the literature related to party and political philosophy is connected with constituent interests (Poole and Daniels, 2005; Weller, 2009). Economic literature on some of the most recent FTAs finds that personal ideology did not play a significant role in Senate voting. These FTAs include NAFTA and free trade votes during the

108th Congress (Kamdar and Gonzalez, 1998; Arce et al., 2008).[4] Distinguishing between voting for constituent ideological interests versus personal ideological interests remains a challenge in the literature. Determining the motives of votes is complicated furthermore by the pressures and/or desires of party members to support leadership positions.

III. Empirical Model and Methodology

Four probit models on KORUS Senate voting test the effects of constituency, political ideology, party, union interests, and potential economic/labor growth. Similar to Kahane's 1996 study on NAFTA voting, this paper examines the roll of multiple variables in Senate voting. Variable selection for this model differs from previous studies of Senate voting (Kahane, 1996; Kamdar and Gonzalez, 1998; Arce et al., 2008). The model most closely conforms to Kamdar and Gonzalez's examination of NAFTA voting. Variables representing the effects of trade on employment, exports and imports, unionization, unemployment, and ideological voting record are similarly presented. However, different measurements for the variables were selected. For example, the senator's ideological preferences were represented by data from the American Conservative Union (ACU) rather than by the Competitive Enterprise Institute (CEI). Both Kamdar et al. (1998) and Kahane (1996) utilized a probit model with one additional observation point for their cross-sectional data. Variables selected for my model are briefly described in addition to a brief survey of methodology and of policy studies on KORUS's output/employment effects.

Model Variables. The variable CONSTITUENTS represents general party affiliation of constituents. This data comes from the Cook Political Report Partisan Voting Index (PVI) over

---

[4] FTAs with Singapore, Chile, Australia, and Morocco (among other trade barrier votes).

the last two presidential elections where a negative number denotes statewide Republican favor among constituents and a positive number indicates Democratic favor. Historically, Republicans are more trade friendly than Democrats; therefore, the expected coefficient of CONSTITUENTS is a negative.

JOBS_G and JOBS_L examine the effects of labor interests within industries which gain or lose, respectively, from the free trade agreement. OUTPUT_G and OUTPUT_L test output effects within industries that increase or decrease production, respectively, as a result of KORUS. Data for each state's jobs and output variables are generated by multiplying the size of an affected industry[5] by anticipated labor and output growth rates as a result of KORUS.[6] The expected coefficients for industries gaining from the FTA are positive while the coefficients for the industries expecting to lose from the agreement are negative. Data comes from USITC and US Census Bureau estimates related to agriculture, mining, and manufacturing. The 2007 USITC study was selected to categorize the gaining and losing industries because of its ability to concord with the harmonized international tariff schedule and GTAP sectors.

---

[5] Using Census Bureau data on NAICS sectors
[6] Using United States International Trade Commission data (USITC)

Table 1: Sectors composing gainers and losers variables in 2007 USITC Report

Employment Measures	Sectors Included
GAINERS	Fishing, Food Products, Dairy Products, Bovine Meat Products, Chemical Products, Rubber Products, Plastic Products, and Machinery and Equipment
LOSERS	Natural Gas Production, Textiles, Wearing Apparel, Leather Products, Wood Products, Metal Products, Electronic Equipment, Motor Vehicles and Parts, Transport Equipment

The 2007 USITC report predicts labor, output, and revenue growth for 42 GTAP sectors. In order to test estimated impacts to Senate voting, these sectors needed to be associated with specific data for relevant industries (NAICS codes) in each state. GTAP sector and NAICS codes were associated through a concordance of harmonized tariff schedule (HS) codes.[7] The information connecting a specific GTAP sector to an HS code came from a 2006 concordance published by trade and agricultural economist Thomas Hutcheson. That concordance was modified to associate a given HS code with a specific NAICS sector using a 2008 US Census Bureau import concordance. When multiple GTAP sectors applied to one NAICS code, the code was fitted to the sector with the greatest number of HS codes that were, in turn, linked to a specified NAICS code.[8,9] In circumstances of a tie between two GTAP sectors, the sector that applied most frequently to surrounding NAICS codes was selected. The methodology deviates from Public Citizen's methodology for their KORUS estimations in two ways. First, all GTAP

---

[7] Two concordances were merged: (1) a 2008 Census Bureau concordance connecting each line of the HS tariff schedule with an NAICS Sector and (2) a 2006 Concordance by Thomas Hutcheson which associates each line of the HS tariff schedule with a GTAP sector.

[8] GTAP sectors 43 (Electricity) and 44 (Gas manufacture, distribution) are removed from the record because table 2.4 of the 2007 USITC report does not include estimates for those sectors.

[9] NAICS sectors 910000, 920000, and 990000 not included because they were associated with too many GTAP sectors without any recognized specificity.

sectors were measured, if possible, rather than a select few. Second, in case of a tie between NAICS codes applying to multiple GTAP sectors, a tie was broken every time in order to create a one-to-one relationship between NAICS code and GTAP sector. State data for measuring existing labor and output values of each NAICS sector came from two US Census Bureau studies: The "Annual Survey of Manufacturers: Geographic and Area Statistics: Statistics for All Manufacturing by State: 2009 and 2008" and the "2009 County Business Patterns: Geography Area Series: County Business Patterns."[10] Forecasted job and output growth was generated by multiplying these NAICS values by the average labor/output growth in the 2007 USITC report.[11] To find relative employment and relative output growth, the nominal growth values were divided by total private payrolls within each state. Data on total private payrolls came from the Bureau for Labor Statistics' estimates for 2009, not seasonally adjusted. Nominal output levels for 2009 were located on the BLS June 2012 news release on regional output.

The variable UNIONS signifies the percentage of workers unionized within the state in 2011. Unions historically oppose free trade agreements and KORUS is no exception. Until final renegotiations with the auto industry, the United Auto Workers (UAW) joined with the AFL-CIO, the United Steelworkers (USW), and the International Association of Machinists and Aerospace Workers (IAM) in opposing the FTA. The anticipated sign for the coefficient is negative.

Another widely circulated study that noted employment effects of KORUS was a study by Kozo Kiyota and Robert Stern of the University of Michigan in April 2007. They found that 85 percent of projected job gains occurred in agricultural industries while 90 percent of projected

---

[10] 2009 data was selected on the basis of being the most contemporary release for all agricultural, mining, and manufacturing sectors.

[11] Average growth was calculated by averaging the high and low estimates for output quantity as well as skilled and unskilled labor quantity (taken as the average of the four estimates) from table 2.4 of the 2007 USITC report.

job losses were in six industry sectors: government services, trade and transportation services, and manufacturing production for textiles, apparel, transportation equipment, and metal products.

The variable ACU represents the frequency by which senators vote according to conservative political ideology. Data comes from the American Conservative Union's Legislative Rankings. The rankings track the consistency by which a senator votes for conservative causes over his lifetime in the Senate and possible tenure in the House of Representatives. Trade liberalization is scored by the ACU as a conservative vote, and therefore the expected coefficient is positive.

Last, some theory and empirical work suggests that states with higher unemployment rates are more likely to have representation opposed to an FTA (Kamdard and Gonzalez, 1998). The variable UNEMPLOYMENT quantifies unemployment percentage by state. It is a standard measure in most trade probit models. The data selected is the unemployment rate for September 2011 by state. September employment levels were the last estimates by the Bureau of Labor Statistics prior to the October vote. Political aversion to increasing the unemployment percentage may have a negative influence on voting.

Regressions are specified with robust standard errors for nominal job changes by state, relative job changes by state, nominal output changes by state, and relative output changes by state. In the base specification, a vote by a senator, s, is modeled as a function of constituent polling in state x, estimated jobs gained in state x, estimated jobs lost in state x, the percentage of workers unionized in state x, the frequency by which senator s votes according to a

conservative ideology, the unemployment percentage in state x, and μ_s is a random disturbance term.

(M1) $Vote_s = \alpha + \beta Polling_x + \gamma JobsGained_x + \delta JobsLost_x + \varepsilon Unions_x +$

$\zeta ACU_s + \theta Unemployment_x + \mu_x$

(M2) $Vote_s = \alpha + \beta Polling_x + \gamma\%JobsGained_x + \delta\%JobsLost_x + \varepsilon Unions_x +$

$\zeta ACU_s + \theta Unemployment_x + \mu_x$

(M3) $Vote_s = \alpha + \beta Polling_x + \gamma OutputGained_x + \delta OutputLost_x + \varepsilon Unions_x +$

$\zeta ACU_x + \theta Unemployment_x + \mu_x$

(M4) $Vote_s = \alpha + \beta Polling_x + \gamma\%OutputGained_x + \delta\%OutputLost_x +$

$\varepsilon Unions_x + \zeta ACU_x + \theta Unemployment_x + \mu_x$

The summary statistics for each of the variables in the four models are as follows:

Table 2: Descriptive Statistics for M1

Variable Name	Obs	Mean	Std. Dev.	Min	Max
Party Preference Polling by State	98	-2.48	8.73	-20.2	13.4
Gaining Industry Job Nominal Increases by State	98	217.67	206.49	0.02	835.39
Losing Industry Job Nominal Losses by State	98	-170.39	236.89	-1405.88	0
Unionization Rate by State	98	11.01	5.50	2.9	24.1
Senator Conservative Voting Frequency	98	46.178	40.00	0	100
Senator Republican Dummy Variable	98	0.43	0.40	0.03	0.93
Unemployment Rate by State	98	8.02	1.94	3.5	13.4

Table 3: Descriptive Statistics for M2

Variable Name	Obs	Mean	Std. Dev.	Min	Max
Party Preference Polling by State	98	-2.48	8.73	-20.2	13.4
Gaining Industry Job Relative Increases by State	98	0.0001	0.0001	-0.0001	0.0005
Losing Industry Job Relative Losses by State	98	-0.0001	0.0001	-0.0004	0
Unionization Rate by State	98	11.01	5.50	2.9	24.1
Senator Conservative Voting Frequency	98	46.178	40.00	0	100
Senator Republican Dummy Variable	98	0.43	0.40	0.03	0.93
Unemployment Rate by State	98	8.02	1.94	3.5	13.4

Table 4: Descriptive Statistics for M3

Variable Name	Obs	Mean	Std. Dev.	Min	Max
Party Preference Polling by State	98	-2.48	8.73	-20.2	13.4
Gaining Industry Job Nominal Increases by State	98	80656	86535	0	432188
Losing Industry Job Nominal Losses by State	98	-38633	52953	-309178	0
Unionization Rate by State	98	11.01	5.50	2.9	24.1
Senator Conservative Voting Frequency	98	46.178	40.00	0	100
Senator Republican Dummy Variable	98	0.43	0.40	0.03	0.93
Unemployment Rate by State	98	8.02	1.94	3.5	13.4

Table 5: Descriptive Statistics for M4

Variable Name	Obs	Mean	Std. Dev.	Min	Max

Party Preference Polling by State	98	-2.48	8.73	-20.2	13.4
Gaining Industry Job Relative Increases by State	98	0.0003	0.0004	0	0.0023
Losing Industry Job Relative Losses by State	98	-0.0001	0.0001	-0.0008	0
Unionization Rate by State	98	11.01	5.50	2.9	24.1
Senator Conservative Voting Frequency	98	46.178	40.00	0	100
Senator Republican Dummy Variable	98	0.43	0.40	0.03	0.93
Unemployment Rate by State	98	8.02	1.94	3.5	13.4

The following section explains the results of the probit model and offers some analysis of the variables. Conclusions about the strength of conservative ideology in KORUS are offered and some qualifications and suggestions for future research are made.

IV.   Model Results

Table 6: Probit Analysis of Senate Voting Patterns on KORUS

Dependent Variable = 1 if senator voted for KORUS, 0 otherwise

Variable Name	M1 Coefficient (t stat)	M2 Coefficient (t stat)[a]	M3 Coefficient (t stat)	M4 Coefficient (t stat)[a]
POLLING	-0.0034 (-0.10)	-0.0157 (-0.43)	-0.0019 (-0.06)	-0.0045 (-0.13)
JOBS_G	0.0014 (0.92)	1121.12 (0.51)	..	..
JOBS_L	-0.0002 (-0.25)	2856.93 (1.30)	..	..
OUTPUT_G	..	..	0.00000214 (0.46)	330.62 (0.40)
OUTPUT_L	..	..	-0.00000402 (-0.76)	-658.57 (-0.63)
UNIONS	0.0299 (0.81)	0.0227 (0.64)	0.0224 (0.62)	0.0177 (0.47)
ACU	0.0275 (3.17)***	0.0285 (3.84)***	0.0275 (3.13)***	0.0252 (3.12)***
UNEMPLOYMENT	-0.1878 (-1.92)*	-0.1130 (-1.09)	-0.2018 (-2.02)**	-0.1259 (-1.30)
CONST.	1.1272 (1.37)	1.0000 (1.07)	1.3580 (1.64)	.9508 (1.04)
obs.	98	98	98	98
pseduo R-squared	0.2615	0.253	0.2643	0.2353
chi-square	20.26	25.51	21.59	21.97
percent correctly predicted	87.76%	85.71%	87.76%	84.69%

*** = significant at the 1% level (two tail)
** = significant at the 5% level (two tail)
* = significant at the 10% level (two tail)
a. Uses relative measures for JOBS_W, JOBS_L, OUTPUT_W, and OUTPUT_L

The results do not produce the expected signs for POLLING and UNIONS. However, these variables are not statistically significant. UNEMPLOYMENT was found to be an important factor for models measuring nominal job and output change. One plausible reason that JOBS_G, JOBS_L, OUTPUT_G and OUTPUT_L were insignificant may be the result of their limited measurements. These measurements applied to goods produced and did not include services provided. Other industries that were not measured by the model because of insufficient data, but were key supporters of KORUS, included telecommunications, technology firms, and legal services. The results may have been different if sectors other than agricultural, mining, and manufacturing could be measured. However, losing industries' members often divided about the desired trade policy. The effects of this division are given further consideration in chapter 2.

Another reason for POLLING and UNIONS' unexpected coefficient values may be the strong bipartisan support that KORUS received in the final vote after the auto industry's renegotiation of terms with the executive branch. KORUS received more votes than the Panama and Columbia FTAs on the same day. Future research should examine cross-sectional voting by the same senators in the Panama and Columbia free trade agreements which had very different voting outcomes. Under those FTAs, would

Table 7: Senate Votes

Korea FTA:

	Dem.	Rep.
Yea	38	45
Nay	14	1

Panama FTA:

	Dem.	Rep.
Yea	31	46
Nay	22	0

Columbia FTA:

	Dem.	Rep.
Yea	22	44
Nay	31	2

conservative ideology remain the only significant variable or even possess explanatory power?

The only statistically significant variable in all four models was ACU, the measurement of faithfulness or opposition to a conservative legislation. The more conservative a senator's political record, the more likely he was to vote for KORUS. At first glance, the results may suggest that political ideology, rather than party loyalty, economic gains, and/or constituency, was significant in KORUS's ratification within the Senate. This conclusion should be somewhat broadened because a senator may vote according to the conservative ideological interests of his constituency. Each of the four models appears to work reasonably well with 85.71 percent explanatory power despite ACU being the only consistent significant variable.

V. Conclusions

Previous studies find that industries anticipating production and job losses are statistically significant indicators of Senate voting on FTAs (Kahane, 1996; Kamdar and Gonzalez, 1998; Arce et al., 2008). Additionally, union opposition affected past FTA voting (Kahane, 1996; Kamdar and Gonzalez, 1998). This paper finds that unions and industries anticipating economic losses did not impact Senate voting on KORUS. The second chapter of the Mercatus Policy Essay explores a lack of unity among negatively affected industries and unions as a potential explanation for neither variable's effect on Senate voting. Instead, the model finds that a senator's historical adherence to conservative ideology is a statistically significant indicator of KORUS voting. The developed models predicted Senate voting patterns with 85.71 percent accuracy. The conclusions are similar to the more general legislative analysis that Congress votes according to the ideological preferences of constituents (Poole and Daniels, 1985; Weller, 2009). Literature suggests that legislative voting according to a conservative or

anti-conservative ideological framework is not primarily personal preference, but a response to

the political philosophy of the median voter.

Chapter 2

Industry Organization, the US Automobile Industry, and Political Networks in the US-South Korea Free Trade Agreement

I.   Introduction

Industries pursue preferred trade policy effectively and ineffectively. Economic models largely do not account for how industry members collectively organize. Instead, these economic accounts emphasize the incentive to organize. The pluralist model in sociology, which examines competing social groups vying over government policy, offers a lens to understand why one industry prevails over a competing industry when pursuing favorable trade policy outcomes (Dreiling, 2000). Pluralism supplements the economic motivations of lobbying with detailed political network analysis.

Two questions examine the effectiveness of political networking by lobbying industries within the US-South Korea Free Trade Agreement (KORUS): (1) do united industries receive preferential trade policy statuses over divided industries, and (2) are executive branch political connections to an industry seeking protection sufficient to prevent trade liberalization? In KORUS, auto manufacturers were the only effective industry to obtain a protectionist trade policy outcome. Among industries seeking protection, there were three common industry characteristics: united members, a significant adverse economic narrative, and political connections to the executive branch. Industries which successfully lobbied for economic liberalization in order to increase exports had two characteristics: united members and an economic narrative of employment or production growth.

Since the Reciprocal Trade Agreement Act of 1934 (RTAA), strong ties between a particular industry and the executive branch have formulated some protectionist trade policy

outcomes. On the whole, the evidence of declining average tariff rates on imported goods suggests that RTAA better safeguarded consumer interests. Although RTAA increased the cost of trade lobbying, particular industries willing to pay a high price for executive branch favor have much to gain. The steel industry obtained protections from the executive branch for multiple years between the 1940s and 1980s despite counter-lobbying efforts by steel consumers (Prechel, 1990). For President Barack Obama's first term, the auto industry became a symbol of national economic health. As a result, the executive branch was politically tied to the economic success of the auto industry's trade position on KORUS. Even though the auto industry only constituted around 5 percent of the original agreement's projected export increases, an entire trade agreement benefiting many industries was nearly discarded until the auto industry's projected exports from the agreement were increased from 28.7 to 35.7 percent—only 1.5–1.9 percent of the total increase in exports to South Korea.

The paper is divided into the following sections. Section (II) examines existing sociological and political economy literature about business organization and political networking within trade agreements. Section (III) examines qualitative and quantitative data from KORUS. It qualitatively examines letters written by industry groups to the United States International Trade Commission (USITC) and is divided into three sections: (A) the alliance against the FTA, (B) the alliance in favor of the FTA, and (C) a comparative analysis of effectiveness. I conclude in section (IV) that industry unity is a necessary characteristic in order to successfully lobby for a preferred trade position and that industries with strong connections to the executive branch may prevent FTA advancement to Congressional voting.

II.   Literature on Business Organization and Political Networking

Pluralism is a sociological theory which states that members of a community often compete with one another for a favorable government position. Pluralism is unique from political economy and public choice literature in that it emphasizes a study of how lobbying firms successfully network to achieve voting outcomes, whereas public choice theory emphasizes who has stronger incentives to lobby. In negotiation of trade agreements, a subgroup of business members may find their particular interests conflict with another subgroup even though all members are interested in maximizing profits. Pulling upon public choice theory, representation of particular business interests must be small enough for all members of the subgroup to cooperate with united interests. If the lobbying representative cannot unite members of the subgroup, then the effectiveness of political action is limited. Additionally, alliances of the subgroups must be formed to advocate yea or nay on a specific vote. If an alliance cannot unite and work together, the preferred vote is less likely to be achieved. Broadly, alliances in trade policy occur among businesses in favor of trade liberalization (in order to increase exports) and businesses opposed (in order to limit competition within the domestic market). At a given moment, federal policy favors some organized groups and limits others. These groups are divided between the preservers of the status quo and the reformers of the proposed bill:

> The existing social structures are the outcome of the competition between rival groups. The dominant groups in society are interested in preserving the existing social structures that privilege them, and employ various resources to maintain the *status quo*. Disadvantaged groups are interested in changing the existing social order and increasing their share of social wealth and power. (Hirsch, 2008)

University of Oregon sociologist Michael Dreiling (2000) understood "political unity in temporary trade policy alliances [as being] strongly influenced by shared organizational attributes, such as size and foreign subsidiaries, as well as interorganizational ties within board interlock and policy networks." The strength of an alliance is a function of the interorganizational ties among industries, homogeneity of economic interests, and unity of an industry's members. If a particular industry is sufficiently united, it may maintain a protected status for its particular production, even if the alliance may not prevent a trade agreement from occurring.

In order to understand observed trade policy outcomes, a theory of competition among alliances and their industry subgroups must be developed. Dahl (1958) said that "The actual *political effectiveness* of a group is a function of its potential for control *and* its potential for unity." Although a group may be sufficiently motivated by economic interests to organize, it will not be politically effective unless its members are united in their appeal to Congress and the president. Political connections are a key aspect of whether an industry obtains desired policy outcomes. Mark Mizruchi (2007) writes, "A key tenet of the pluralist perspective is the notion that organized groups pursue their interests, often by means of lobbying state officials. Although pluralists acknowledge that a group with abundant resources will have considerable potential for power, this power will be realized only to the extent that the group is unified."

Political effectiveness on FTAs has been a function of political connection to the executive branch and of industry unification since the first significant tariff decrease in 1934. Woods (2003) finds that opposing business relations played a central role in the development of RTAA. At the time of RTAA's debate, there were two business class alliances: (1) internationalists disposed toward expanding foreign trade and investment and (2) nationalists desiring protection of US industries from increased international competition/imports. Each alliance argued that their policy position created economic growth. During the Hoover administration, the influence of nationalists was high with the enactment of the Smoot-Hawley Act. The Act amended tariff rates on "over twenty thousand items, almost all of them increases" (Pastor, 1980). When Roosevelt took office in 1933, his Secretary of State, Cordell Hull, advocated the internationalist position. He became an important political ally to internationalists who argued that lower prices and increased global trade would place the United States back on the path toward economic growth. The primary political ally for the nationalists was the Chamber of Commerce (COC). In Congressional testimony, the COC argued for the "reasonable protection" of American industries and claimed "reciprocal tariff negotiations [with foreign countries] should be secondary to [reasonable protection]" (US Congress, 1934). According to Princeton economist Frank Fetter, protectionists argued before the Ways & Means Committee that higher prices would "create prosperity" by increasing the profits of American industries and pay to workers (Fetter, 1933). Adam Smith understood how an interest-group theory of politics did not necessarily represent the national interests of most citizens:

> In every country it always is, and must be, the interest of the great body of the people, to buy whatever they want of those who sell it cheapest. The proposition is so very manifest, that it seems ridiculous to take any pains to prove it; nor could it ever have been called in question, had not the interested sophistry of merchants and manufacturers confounded the common sense of mankind. Their interest is, in this respect, directly opposite to that of the great body of the people… Hence, in Great Britain, and in most other European countries, the extraordinary duties upon almost all goods imported by alien merchants. Hence the high duties and prohibitions upon all those foreign manufactures which can come into competition with our own. (Smith, 1776)

Neither nationalists nor internationalists argued on behalf of consumers, although both argued that the particular benefits to their represented industries would induce economic recovery. As Fetter writes, "The tariff situation was but one manifestation for a general post-war psychology, of a tacitly accepted belief that the way to promote the national welfare was to give each group what it wanted to make its members individually prosperous, without any consideration of the relation of such action to larger problems of national policy" (Fetter, 1933).

The internationalists prevailed in decreasing tariffs because of their executive branch connection to Secretary Hull and the Roosevelt administration. As part of RTAA, internationalists and nationalists agreed to an institutional reform that appointed the president as the representative of trade negotiations rather than Congress (Woods, 2003). Rhodes (1993) called the shift in negotiation power from Congress to the president "the single most important change in the institutional history of U.S. trade policy." Ideally, as a result of the legislation, the president is not as easily captured by class or special interests because his interest as president is to attend to the nation's general economic welfare. However, Congressional intent of RTAA in 1934 was that the president would promote national interests, not by lowering prices for consumers, but by promoting the interests of a particular few industries.

Ehrlich (2008) argued that RTAA promoted the general public's interests by limiting the number of potential network points exposed to lobbying. He argued that because the president

is politically more invested in national welfare, rather than the welfare of particular states or Congressional districts, he is an effective representative of utilitarian trade policy. Ehrlich argues that delegation of trade authority to the president reduces the probability of protectionism because the number of political access points is limited. Protectionist policies rise when the number of access points provided for interest groups increases as the lobbying cost of accessing any one of these points is lower. Mizruchi (2007) comments that greater use of network analysis in the fields of economic sociology and political economy would benefit the explanation of policy outcomes. I find that the president safeguards national welfare in KORUS up to the point of satisfying certain auto industry preferences first.

In a widely cited 1990 piece, Harland Prechel examines the steel industries' protectionist lobbying efforts from the 1940s until the late 1980s. She finds that "the primary object of the steel industry was to establish import quotas." Under Johnson, Nixon, and even free-market presidential figurehead Ronald Reagan, the executive branch granted the steel industry protections from foreign competition. The executive branch created Voluntary Restraint Agreements (VRAs). A VRA was a mutual agreement with a foreign state to limit import/exports for particular industries for no longer than three years. Continued lobbying for tightening of "antidumping" laws (Trade Act of 1974) and favorable tax preferences led to increased protectionism in the early 1970s. Meanwhile, the banking industry and steel-consuming industries lobbied the president and Congress with a separate alliance. The banking industry was concerned that increased protections against international competitors would prohibit foreign debtors from repayment. Likewise, the Coalition of American Steel Using Manufacturers, representing 370 companies, was concerned that protectionism would create

high prices and generate steel shortages. In Congress, the steel industry had their own allies, 38 senators that cosponsored a bill arguing for steel tariffs on foreign imports.

A few notable points emerge from the steel industry case study. First, a pluralistic framework existed between steel producers and steel users (including final consumers who pay the costs of higher steel prices). "Conflict emerged among domestic capitalist groups because protectionist legislation that ensured [capital] accumulation in the steel industry constrained accumulation within other capitalist segments" (Prechel, 1990). Second, the president remained subject to economic capture by industry interests, rather than being purely concerned for the public's general welfare. The steel industry is not necessarily case study evidence against Ehrlich's network point argument since lobbying for protection seems to have become less effective over time. Access to executive branch policy preferences may still be acquired, but at a higher price that may include transferring votes, campaign contributions, contributions to political image, or even waiting time on specific policy issues. However, industries with lobbying rents in the form of executive policy favors will have a competitive edge over potential counter-lobbying industries. Third, Congress continued to play a policy-making role in the network of competing industries. Although the president is designated powers to negotiate an FTA by the RTAA, all trade agreements must be passed with Congressional approval.

Qualitative analysis, particularly in KORUS, is inconclusive for Ehrlich's argument that Congressional network points are closed to lobbying efforts. However, average tariff levels consistently fall after RTAA's passage in 1934. Although the president remains subject to special interest group capture, the effectiveness of industry interests is more limited. Industries that

capture the executive branch are strong advocates for preferred policy positions at the expense of other industries and/or consumers. In KORUS, the auto industry's relationship with President Obama is uniquely effective among industries pursuing protection.

III.   Qualitative and Quantitative Evidence from KORUS

President George W. Bush agreed to terms of an FTA with Korea in 2007, but the bill did not have enough support to pass in Congress during President Bush's term and did not receive Obama's signature until October 2011. Estimates of increased US exports in goods in 2007 ranged from $9.7 billion to $10.9 billion (USITC, 2007). In a separate study conducted by the University of Michigan that included services, US GDP was estimated to increase by $25.12 billion (0.14 percent of US GDP).[12] The majority of the increase in US exports consisted of industrial machinery, chemicals, semiconductor circuits, corn, wheat, and specialized instruments. Yet, despite these gains, the White House placed a strong emphasis on how the auto industry would be affected. "Trade in autos and auto parts proved to be among the most difficult issues tackled by U.S. and South Korean negotiators" and adjustments were deemed necessary before the auto industry would support the FTA (Cooper, 2011). The auto industry's endorsement of the FTA was a linchpin for the agreement as the FTA was indefinitely delayed until the December 2010 renegotiations. The auto industry was the only industry group with a projected decrease in industry trade balance to successfully renegotiate their 2007 position (table 8).

---

[12] The Michigan estimate is greater than the ITC estimate because it accounts for growth in services. Little data exists on increased trade flows in US services, so this paper focuses on the trade flow of physical goods.

This section compares and quantifies the characteristics of businesses that supported and opposed the 2007 FTA proposal as observed by letters received by USITC. The positions of various industries are highlighted in each section. All industry letters were noted in tables 7 and 8. Data about most organizations could be found in the submitted letters or on the website of the industry representative. Organizations such as the US-Korea Business Council were not included in tables 8 and 9 because the organization represents an alliance, rather than a particular industry position. I conclude that a united industry with a projected increase in its trade balance could persuasively justify reciprocal trade liberalization with a narrative of economic growth. An industry with a projected trade balance decrease could only successfully resist trade liberalization by uniting their members in opposition and utilizing executive branch political connections around a narrative of industry decline. A caveat should be noted that only letters submitted to the executive branch were surveyed for this paper. The author did not examine letters submitted to each member of the legislative branch, and may have been unable to do so. This paper concludes that executive branch connections were necessary to achieve trade renegotiation, but perhaps an organized petition to members of the legislative branch is an effective mechanism of achieving a trade negotiation.

A. Parties Opposing KORUS FTA

The auto industry was one of several industry groups to submit letters of opposition to the United States International Trade Commission (USITC) regarding the 2007 FTA. Opposing parties have a few common characteristics. First, all industries anticipated a negative change in the trade balance within their industries if KORUS was enacted. Second, all industries had preexisting tariffs protecting economic interests. Third, with the exception of textiles, these

industries were composed of three firms or less, constituting a significant plurality or majority of the US market.[13] Many of the businesses opposed to the FTA expressed concerns about decreasing market shares and facing increased competition. However, in the case of the textile industry, some members of the industry welcomed liberalization when other members did not. This section first examines the groups that submitted letters of opposition to the ITC and the final outcomes for these industries. While many industries submitted letters, only the auto industry achieved a renegotiation.

The automobile industry uniquely achieved this renegotiation for three reasons: (1) its industry members were united, (2) the members had a substantial economic presence, and (3) the industry had strong executive branch connections. Among industry groups objecting to the agreement, it appears that combination of these three variables was necessary for a more favorable renegotiation.

In its written submission to the USITC, the American Automotive Policy Council (AAPC), which represents the United States' three largest automobile manufacturers (Chrysler Group, LLC; Ford Motor Company; and General Motors Company), claimed that the 2007 agreement was "insufficient to gain real market access for autos" (USITC, 2011). Ford and Daimler-Chrysler were opposed and General Motors was neutral. AAPC expressed concerns about how the bill would increase competition and auto imports. In the drafted 2007 agreement, the United States' 25 percent tariff on Korean truck imports immediately began decreasing on a schedule phased out over ten years, but the agreement's final ratification delayed phase-out until the

---

[13] US auto manufacturers composing 48.7 percent of the US market in 2007.

eighth year after the agreement with the tariff still ending in the tenth year. The United States'

2.5 percent tariff on Korean

Table 8: Summary of Positions Submitted to USITC – Parties Opposed

Name of Organization	Organization Information	Worker Information	Est. Trade Balance Change +/- ($millions)[14]	US Tariff Pre-KORUS
American Dehydrated Onion and Garlic Association	2 companies composing majority of US production	Unknown	Negative[15]	Onion: 21.3% Garlic: 29.8%
Bumble Bee Foods, LLC	1 of 3 US tuna canners which in total produce 85% of US consumption	Industry: -20,000 since 1979	Negative[16]	Tuna: 35%
National Council of Textile Organizations[17]	106 member companies	412,000[18]	Low: -2,939 High: -2,529	422 tariff levels
The American Automotive Policy Council	Represents 3 largest US automobile manufacturers[19]	164,000 worldwide	Low: -1,443 High: -943	Cars: 2.5% Electric: 8% Trucks: 25%
International Union, United Automobile, Aerospace and Agricultural Implement Workers of American (UAW)		1,000,000 active and retired	Low: -1,443 High: -943	Cars: 2.5% Electric: 8% Trucks: 25%

Sources: USITC, industry websites, and USITC Harmonized Tariff Schedule

---

[14] Estimates denoted by positive or negative signs represent the industry's general expectations when a specific monetary benefit cannot be clearly defined.

[15] ADOGA expects minimal market entry into South Korea "because the market is already supplied by China" (USITC, 2007) and increased Chinese access to the United States through Korean business transactions.

[16] According to Bumble Bee, Korea has tuna canning operations and could easily divert additional shipments to the US market.

[17] The opposition letters of Wellman, Inc., and the American Manufacturing Trade Action Coalition (AMTAC) are omitted. AMTAC did not have a defined business representation or specific share of industry held by the company (similar to Bumble Bee Foods, Inc.). Additionally, it should be noted that the textile industry was not in unison. The American Apparel & Footwear Association, representing 61 businesses, was divided but came out in favor of KORUS. Additionally, the Travel Goods Association, with 20,000 lines of manufactured travel goods, expressed strong support of the FTA.

[18] Not all these workers are employed by businesses opposed to KORUS (see American Apparel & Footwear Association position submitted to USITC, 2007).

[19] Composed 48.7 percent of US market share in 2007 (WardsAuto, 2012).

cars was a similar story; tariffs were delayed for five years, but were still phased out by the tenth year. Additionally, on behalf of the automotive industry, the White House negotiated a relaxation of environmental and safety standards for US exports to South Korea as well as the reduction of South Korean taxes on American imports (White House, 2011). These were termed by industry representatives, academics, and politicians as non-tariff barriers to trade. The ITC estimated that removal of non-tariff trade barriers could increase US exports by $48–$66 million (for a total of $167–$185 million including the accelerated removal of Korean tariff barriers)—only 1.5–1.9 percent of the total increase in exports.[20] These negotiations, which increased US auto exports by 28.7–35.7 percent, had the effect of changing the stances of leading industry trade groups and the United Auto Workers (UAW). A clause about potential "harmful surges" was also included so that US auto manufacturers can be temporarily protected by the president if the executive branch deems such protection desirable. These tariffs could be imposed in case of a harmful "surge" in Korean exports, similar to the VBAs of the steel industry (Prechel, 1990). However, a CRS report remarks that "it remains to be seen whether the Detroit Three (GM, Ford, and Daimler-Chrysler) . . . would ever gain more than a fractional position in the South Korean market through exports from the United States" (Cooper, 2011).

One organization that has not modified its KORUS stance since 2007, although it did not submit a formal letter to the ITC, is the United Steelworkers (Cooper, 2011). This organization, representing 850,000 members, expressed concern over relevant rules of origin pertaining to the Korean imports and how these imports may potentially be in violation of US antidumping

---

[20] This percentage may be slightly higher as it is calculated using 2011 and 2007 trade estimates. Revised estimates incorporate the lower trade flows as of 2010.

laws. The steel industry viewed the formation of a bilateral Commission on Trade Remedies as an opportunity to weaken US economic interest. The US steel industry aligned with the auto industry during the car manufacturers' 2007 objections. The Industry Trade Advisory Committee on Steel (ITAC-12) concluded that the KORUS FTA "could not promote US economic interests and provide for equity and reciprocity within the steel sector" (Office of USTR, 2007). Labor organizations, originally united under the 2007 agreement, ended in disagreement over the enacted 2010 agreement. The UAW supported the KORUS FTA while the AFL-CIO, the United Steelworkers, and the International Association of Machinists and Aerospace Workers opposed it (Cooper, 2011). The loss of the auto manufacturers' objections to the FTA removed a key element of the steel industry's argument for political protection. The United Steelworkers have significant economic interests in maintaining tariffs as Korea is the fourth greatest international steel exporter to the United States (USITC, 2012). However, unlike the political attention shown to agricultural and automobile provisions, press releases from the Office of the President neglect to mention the steel industry.

Under KORUS, trade deficits increased by $2.5–$2.9 billion for the textile industry. The Industry Trade Advisory Committee on Textiles and Clothing (ITAC-13) reported that its members did not have a unified statement in opposition to the US-South Korea FTA (ITAC, 2007). Members of the industry were generally divided into two camps: (1) apparel manufacturers, represented by the National Council of Textile Organizations, opposed to the FTA, and (2) luggage and shoes manufacturers in favor of the agreement.[21] The National Council

---

[21] The American Apparel & Footwear Association, representing 61 businesses, was divided but came out in favor of KORUS. Additionally, the Travel Goods Association, with 20,000 lines of manufactured travel goods, expressed

of Textile Organizations (NCTO) offered a unified statement in opposition claiming that US

businesses would be significantly harmed by foreign "dumping" and Korean overexpansion.[22]

The American Apparel & Footwear Association (AAFA) and the United States Association of

Importers of Textiles and Apparel (USA-ITA) expressed some concerns governing the rule of

origin, but welcomed the trade agreement. Footwear businesses ultimately were supportive of

the FTA's rules of origins, finding them similar to those of NAFTA. The industry shared a

common objection to importing textiles from the Kaesong Industrial Complex in North Korea

(KIC).[23] The US ultimately backed down from its opposition to the KIC as trade agreement

negotiations proceeded. The lack of political support may stem from increasing political

acceptance of this industry's decline. Over the last twenty years, the textile industry has been in

economic decline (USITC, 2007). Additionally, the industry can hardly be considered united

regarding trade policy. Unlike other industries opposed to the FTA, textile businesses often

contradicted and opposed other industry members' policy preferences. The industry lacked

unity and support within the executive branch. The textile industry is compelling proof of

Mizruchi's unity theory and Dahl's political effectiveness argument.

The last two industry representations opposing the FTA were the American Dehydrated

Onion and Garlic Association (ADOGA) and Bumble Bee Foods, LLC, a tuna cannery. These two

---

strong support of the FTA. Additionally, the US travel goods industry was supportive since they gain immediate and reciprocal duty free entry for their goods (ITAC-13, 2007).

[22] NCTO represents 84 textile businesses nationally and emphasizes production of shirts and brassieres. Its economic interests are relatively narrow compared to the large sector.

[23] The KIC has a unique agreement where South Korea firms employ North Korean workers and then ship out manufactured products with a South Korean label. 71 firms participate in clothing and textiles, 4 in kitchen utensils, 4 in auto parts, 2 in semiconductor parts, and 1 in toner cartridges. However, US and South Korea officials have estimated that the revenue stream is not too significant for the North Korean government, around $20 million in revenue annually. According to the Congressional Research Service's report, the FTA would "likely have only a marginal impact on whether the United States imports [more] North Korean finished products or [more] goods that contain North Korean components" (Cooper, 2011).

organizations wrote on behalf of two and three firms, respectively. Both had significant preexisting tariffs on competing South Korean products and anticipated increased US imports from South Korea as a result of the FTA (table 8). Bumble Bee Foods opposed the bill because foreign businesses were able to pay their labor lower prices than California's hourly labor rate of $11.50. Bumble Bee Foods, one of the last tuna processing firms, did not have a trade representative to submit Congressional testimony on its behalf. The tuna canning industry has lost over 20,000 jobs since 1979 (USITC, 2007). ADOGA claims that the industry has survived today "because of [ADOGA's] inexhaustible efforts with the federal government" (Ball Janik LLP, 2012). Prior to KORUS, ADOGA claims that removal of US tariffs on garlic and onions had only occurred twice in US history. Despite publishing factually inaccurate trade information, little other relevant analysis for understanding ADOGA's political failure in KORUS negotiations can be found.[24] These domestic industries with significant US market shares failed to achieve desired policy outcomes and to avoid increased international competition. This provides suggestive evidence that although the few members may have been united, they lacked a significant economic presence to warrant political protection.

B. Parties Supporting KORUS FTA

The majority of position statements received by the International Trade Commission were in favor of the 2007 US-South Korea Free Trade Agreement. These parties had two specific commonalities. First, these industries had a significant economic presence employing hundreds of thousands or millions of employees. Second, each industry had a united policy stance with no

---

[24] The US removed onions and garlic tariffs for free trade agreements with Bahrain, Chile, Jordan, Morocco, Oman, and Peru. All were signed during the Bush administration.

dissenting members submitting conflicting positions. Table 9 lists selected industry trade associations.[25] These industries do not appear to have lobbied for executive privilege, but pursued trade liberalization using a narrative of economic growth and increased output. They offer compelling evidence that a political narrative of job growth and economic growth is appealing to politicians who are friendly to export interests (Woods, 2003).

The National Association of Manufacturers (NAM) and the American Farm Bureau Federation (AFBF) were the two largest industry voices advocating KORUS. A substantial portion of the current trade flows with South Korea, 15–20 percent of total South Korean imports, are US machinery and equipment. NAM estimated that its 11,000 represented manufacturing companies stood to gain a 50 percent increase in exports to South Korea as a result of the FTA. USITC estimated manufacturers would gain nearly $2.8 billion (USITC, 2007).

AFBF, a large nonprofit policy advocacy representative for ranchers and farmers, projected significant economic gains ($1.8 billion in increased exports to South Korea) and possessed significant Congressional support. Fifty members of the House requested that the Office of the United States Trade Representative (USTR) ensure that South Korea develop regulations friendly to the US dairy market and that Korea's FTA with the EU "[does] not undercut the dairy market gains secured" in the FTA with the United States (Cooper, 2011). At the time of the agreement's ratification, Korea had a 40 percent tariff

---

[25] The other letters urging ratification were excluded either because they were represented by larger coalitions, were not business coalitions, were mentioned in the textiles section, or did not have sufficient data. They include: American Apparel & Footwear Association, American Council on Education, American Insurance Association, American Potato Trade Alliance, The California Table Grape Association, Coalition of Services Industry, Corn Refiners Association, Emergency Committee for American Trade, Entertainment Industry Coalition, Express Delivery and Logistics Association, Hyundai Motor Company, International Intellectual Property Alliance, Information Technology Industry Council, National Electrical Manufacturers, Rubber and Plastic Footwear, Time Warner Inc., Travel Good Association, US-Korea Business Council, US-Korea FTA Business Coalition, United States Council for International Business, and Welch Foods Inc.

Table 9: Summary of Positions Submitted to USITC – Parties Supporting

Name of Organization	Organization Information	Workers Employed	Est. Trade Balance Change +/- ($millions)[26]	Stated Reason for Expected Benefit
Aerospace Industries Association of America Inc.	157 full members and 198 associate members	600,000+	Positive	95% of all bilateral trade becomes duty free
American Council of Life Insurers	373 business organizations representing 90% of the US market	2,500,000	Positive	New market growth valued at $5 billion
Information Technology Industry Council	41 technology companies	1,700,000	Positive	Stronger international property rights enforcement
National Association of Manufacturers	11,000 manufacturing companies	12,000,000	Low: +2,179 High: +2,544	Reduces tariffs and non-tariff barriers
The National Cattlemen's Beef Association	28,000 members	230,000	Low: +626 High: +1,792	Reduction of tariff from 40 percent to 0
National Corn Growers Association	36,000 growers	Unknown	Positive	Improved market access
National Potato Council	45,000 potato growers	Unknown	Positive	Eliminate 18% tariff on frozen french fries
The National Pork Producers Council	67,000 pork producers	547,000	+825	$10 increase in hog prices as a result of increased demand
Pharmaceutical Research and Manufacturers of America	Members conduct 70% of all US R&D pharmaceutical research	Unknown	Positive	Addresses longstanding intellectual property and market access
Semiconductor Industry Association	24 charter members	180,000	Positive	Precursor to further "trade-liberalizing"
Society of Plastics Industry	807 members	1,000,000	Positive	65% tariffs on plastic products elim. in 3 yrs.
Telecommunications Industry Association	600 member companies	Unknown	Positive	Elim. 49% foreign investment ceiling
The Wine Institute and the California Association of Winegrape Growers	CA grows 90 percent of US wine production and accounts for 95 percent of exports	Unknown	Positive	Exports expected to grow by 150% in 1 yr. and 480% in 5 yrs.

Sources: USITC and industry websites

---

[26] Estimates denoted by positive or negative signs represent the industry's general expectations when a specific monetary benefit cannot be clearly defined.

barrier on beef and a 25 percent tariff on pork. Both barriers were to be removed by 2016. The industry forecasted strong gains for meat exports (25 percent of all estimated export gains, $2.5 billion). However, the administration delayed phase-out on fresh and frozen pork products for two years in exchange for the non-tariff auto industry provisions (Cooper, 2011). The National Pork Producers Council (NPPC) expressed disappointment with the final outcomes of trade negotiations, stating that it was still a good deal, but that "we needed to take one for the team" (NPPC, 2010). The adjustments made in the revised agreement were deemed necessary before the auto industry would support the FTA (Cooper, 2011).

Senator Baucus originally claimed he was extremely disappointed with the negotiation's 2010 outcome and that he would not support any agreement that did not deal with Korean tariffs, heightened safety standards, and quotas to American beef imports. Despite the beef industry's projected gains, Senator Baucus claimed that the agreement "fails to address Korea's significant barriers to American beef exports" (Senate Finance Committee, 2010). However, Baucus seemed satisfied by the administration's gesture to assist US meat exports through a $1 million award from the US Department of Agriculture to the US Meat Export Federation to promote US beef sales. Baucus welcomed this measure and expressed his support for the agreement as a result (Cooper, 2011).

Last, the US pharmaceutical industry was one of many associations that encouraged the FTA based on its strengthening of intellectual property rights (IPR). Other industries urging ratification for IPR reasons included defense contractors, service companies, and software

designers.[27] Makers of innovative medical products supported the provisions that increased patent protection, a keystone of US pharmaceutical interests. Largely in contrast, US generic drug producers protested that increasing the strength of patent law only decreased the availability of affordable drugs. However, they did not submit a letter of opposition to the ITC.

C. Comparative Analysis

The automobile industry was the only industry group that submitted an opposition letter to the ITC and improved its position—a change quantified at an estimated 1.5–1.9 percent increase in total exports to South Korea, ceteris paribus. However, these negotiations delayed economic gains for all other industry groups and even weakened the final deal for pork producers. The Congressional Research Service did not list cars and car parts as a significant component of the trade balance with South Korea; primary US exports were industrial machinery, chemicals, semiconductor circuits, corn, wheat, and specialized instruments (Cooper, 2011).

Why did the US automobile industry receive special political attention and what made it effective? Why did no other industry group that claimed to be negatively affected by the agreement achieve a renegotiation? I argue that looking to a pluralistic narrative of business combined with the value of political connections to the executive branch supports this theory. United industries with anticipated increases in net exports provided sufficient political reason for trade liberalization (job creation, output expansion, etc.). Members of industries

---

[27] Negotiations that reduce trade barriers on US services may have a potential large economic effect. Unfortunately, most studies have shied away from quantifying these gains due to a lack of data (Bolle, 2011).

anticipating net imports had to unite in their opposition and possess strong political connections in order to modify the FTA.

The automobile industry uniquely achieved renegotiation for three reasons: (1) its leading industry members were united, (2) they had a substantial economic presence, and (3) they had strong executive branch political connections. Among associations objecting to the agreement, it appears that the combination of these three variables was necessary for achieving industry interests. The economic prosperity of the auto industry was a key political issue because of the Obama administration's involvement with the auto industry.

Table 10: Estimated US Exports Increases to South Korea

SECTOR ($millions)	$LOW	$HIGH	%LOW	%HIGH
Bovine meat	$628	$1,792	5.76%	18.40%
Other meat products	$456	$763	4.18%	7.83%
Chemical, rubber, plastic products	$2,725	$2,926	24.98%	30.04%
Motor vehicles and parts	$461	$566	5.76%	7.71%
Machinery and equipment	$2,774	$2,939	25.43%	30.17%
Total Increase in US Exports	$9,741	$10,909		

Sources: USITC, 2007 and USITC, 2011

The Obama administration championed protection and media attention for the auto industry as an industry leader of the FTA. For a press conference of the two countries' agreement, President Obama and President Myung-Bak visited automakers in Michigan (Office of the Press Secretary, 2011). Despite the American industry's relatively insignificant export increases (table 9), the presidents held press conferences to announce the FTA at auto manufacturing plants, rather than at the manufacturing or service companies that would experience greater economic gains. In Obama's 17-minute campaign video, the president drew attention to the auto industry bailouts as one of his administration's main achievements (*The

Road We've Traveled). After distributing $80 billion of loans to General Motors Co. (GM) and the Chrysler Group LLC, President Obama proclaimed, "Don't bet against the American worker, don't bet against the American people, we are coming back." Presently, the US federal government owns 33 percent of GM shares and 9 percent of Daimler-Chrysler (Huffington Post, 2011). In part, the Obama administration's political investment in the auto industry linked the success of the president's policies to the industry's prosperity. The administration claimed that the 2007 agreement "did not go far enough to provide new market access to US auto companies and to level the playing field for US auto manufacturers and workers" (White House, 2010). Developing strong political ties to the Oval Office aided the US auto industry and its United Auto Workers (UAW) union in the final ratification of KORUS. The US auto industry is a contemporary retelling of Prechel's 1990 article on executive branch protection of US steel in that the auto industry successfully increased their capital accumulation at the expense of other industries. Ehrlich's network theory remains helpful in explaining the general decrease in average tariffs. The executive branch may be captured by fewer interest groups than Congress, but a strong investment by one industry group in the presidency has the potential to prevent an entire free trade agreement.

IV. Conclusion

US auto manufacturers prevented KORUS's advancement until December 2010, even though their final share of expected export increases was only around 7 percent and the negotiated increase as a percentage of all export increases was only 1.5–1.9 percent. This paper finds results consistent with Dreiling's 2011 opinion:

> [B]oth organizational and network variables influence corporate political action. In order to understand business unity over trade policy, then, we must consider how both a commonality of material interests (such as subsidiary operations) and network embeddedness influence political cohesion. Consistent with literature on corporate political action, neither a strictly organizational account, which currently enjoys primacy in the trade policy literature, nor a strictly 'network' or class cohesion account provides a comprehensive account of the factors that generate political unity.

This paper posits trade policy outcomes as a function of three variables: (1) the economic gains/losses incentivizing lobbying, (2) the unity of industry, and (3) in the case of pursuing protection, strong political connections to the executive branch. Trade policy reflects the interests of dominant social and economic groups (Dreiling, 2011). Ehrlich thought that RTAA would lead to greater prosperity for the general public because the bill reduced Congressional lobbying network points. With the decline of the average tariff rate, his argument appears to be largely correct. However, the steel industry and the US auto industry offer compelling case studies about the dangers of executive branch political capture by industry groups (Prechel, 1990). Balanced against the incentives of attending to national interests, RTAA equipped the president to unilaterally protect industries with strong connections to the executive branch. In the US-South Korea Free Trade Agreement, automobile manufacturers and the UAW coalesced around a narrative of economic decline and relied on strong executive branch ties to bring KORUS talks to a halt until their position could be renegotiated. Industries which sought protection, but were not economically significant, unified, or connected to the executive branch, were unable to renegotiate their trade policy outcome. The narrative of the auto industry suggests that RTAA is generally effective at promoting consumer interests, but that united industries anticipating economic decline as a result of a free trade agreement can prevent that FTA if strong connections to the executive branch are present.

Final Conclusions and Research Considerations

Senate voting on the US-South Korea Free Trade Agreement (KORUS) is unique among the existing economic literature. While prior studies on FTAs from the 1990s and early 2000s found that positively and negatively affected industries by state were significant predictors of Senate voting (Kahane, 1996; Kamdar and Gonzalez, 1998; Arce et al., 2008), KORUS models found that ideology was a more appropriate measure. Constituent ideology replaced economic outcomes as a determinant of trade policy voting for KORUS within the Senate of the 112th Congress.

Pluralist models about industry unity, where unified industry groups prevail over industries with conflicting members, are useful in understanding why specific industries obtained preferred trade policy positions and others did not. Unification of industry interests was a necessary condition to obtaining desired federal trade policy. However, a unified industry with strong political connections to the executive branch could prevent the agreement's forward progress. The auto industry's particularly close political relationship to the Obama administration enabled manufacturers and the UAW to withhold lynchpin political support until more favorable protections had been obtained.

Examined together, chapters 1 and 2 suggest several significant differences from prior FTA literature. These recommendations are paths for further research and understanding the limitations of the developed theories.

First, comparative research may examine the Panama and Columbia FTAs passed on the same day to more accurately determine the role of ideology in the 112th Congress. The power of constituent ideology may be unique to the KORUS agreement. However, political logrolling

may be present among the FTA votes. This factor could influence voting in addition to variables considered in chapter 1.

Second, industries may have been significantly less united in KORUS than NAFTA. For example, unlike NAFTA, the UAW broke off from the labor positions of the AFL-CIO, the United Steelworkers, and the International Association of Machinists and Aerospace Workers. Only the US auto industry united their members in opposition. This may explain why industries negatively affected by the FTA were not a statistically significant determinant of Senate voting. Disunity may be a result of particular import increases from South Korea.

Third, industry connections to the executive branch may prevent future FTAs from occurring. Although the executive branch may experience less lobbying than Congress, industries willing to pay high lobbying costs may obtain executive branch favors (Ehrlich, 2008). The influence of interest groups pursuing protectionism seems to have decreased significantly since the Reciprocal Trade Agreement Act of 1934 because the average tariff rate on imported goods has decreased from 45 percent to 5 percent. However, industry groups are still able to access the trade policy formation process through Congress and, as KORUS reveals, through the executive branch. Prior to the auto industry, the executive branch afforded protections to the steel industry from the 1940s through the 1980s (Prechel, 1990). While imports from certain FTAs may not be controversial to the privileged industry, other FTAs may prove nearly impossible to enact.

Bibliography

Aidt, T. S. (1997, December). Cooperative Lobbying and Endogeneous Trade Policy. *Public Choice, 93*(3), 455–475.

Arce, H. M., Koopman, R. B., & Tsigas, M. (2008, June). Using State-Level Simulations in a Political Economy Model of US Trade Policy. *Public Choice, 135*(3–4), 91–107.

Ball Janik LLP. (2012). *The American Dehydrated Onion and Garlic Association (ADOGA)*. Retrieved May 6, 2012, from www.balljanik.com: http://www.balljanik.com/case-study-detail/the-american-dehydrated-onion-and-garlic-association-adoga

Black, D. (1948, February). On the Rationale of Group Decision-making. *The Journal of Political Economy, 56*(1).

Bolle, M., & Jackson, J. (2011). *Proposed U.S.-South Korea Free Trade Agreement and Potential Employment Effects: Analysis of Studies.* Washington, DC: Congressional Research Service.

Bureau of Economic Analysis. (2012, June 5). Retrieved June 9, 2012, from http://www.bea.gov/newsreleases/regional/gdp_state/2012/pdf/gsp0612.pdf

Bureau of Labor Statistics. (2012). *Employment, Hours, and Earnings - State and Metro Area*. Retrieved June 12, 2012, from bls.gov: http://www.bls.gov/data/#employment

Congleton, R. D. (2002). *The Median Voter Model.* Center for Study of Public Choice.

Cooper, W., Manyin, M., Jurenas, R., & Platzner, M. (2011). *The U.S.-South Korea Free Trade Agreement (KORUS FTA): Provisions and Implications.* Washington, DC.

Dahl, R. (1958, June). A Critique of the Ruling Elite Model. *American Political Science Review*.

Dahl, R. (1982). *Dilemmas of Pluralist Democracy.* New Haven: Yale University Press.

Domhoff, W. (n.d.). *Who Rules America? Power and Politics in the Year 2000* (3rd ed.). Mayfield Publishing Co.

Dreiling, M. (2000, February). The Class Embeddedness of Corporate Political Action: Leadership in Defense of the NAFTA. *Social Problems, 47*(1), 21–48.

Dreiling, M., & Darves, D. (2011, March). Corporate Unity in American Trade Policy: A Network Analysis of Corporate-Dyad Political Action. *American Journal of Sociology, 116*(5), 1514–63.

Ehrlich, S. (2008, May 27). The Tariff and the Lobbyist: Political Institutions, Interest Group Politics, and U.S. Trade Policy. *International Studies Quarterly, 52*(2), 427–445.

Fetter, F. W. (1933, September). Congressional Tariff Theory. *The American Economic Review, 23*(3), 413–427.

Gilligan, M. J. (1997). *Empowering Exporters: Reciprocity, Delegation, and Collective Action in American Trade Policy.* The University of Michigan Press.

Guggenheim, D. (Director). (2012). *The Road We've Traveled* [Motion Picture].

Hirsch, M. (2008). The Sociology of International Economic Law: Sociological Analysis of the Regulation of Regional Agreements in the World Trading System. *The European Journal of International Law, 19*(2), 277–299.

Huffington Post. (2011, May 25). GM, Chrysler Beer Up Lobbying, Despite Government Ownership.

Hutcheson, T. (2006). *HS2002-CPC 1.1-ISIC, Rev3-GTAP Concordance.* Global Trade Analysis Project.

ITAC (13) on Textiles and Clothing. (2007). *Advisory Committee Report.*

ITAC-13, Industry Trade Advisory Committee on Textiles and Clothing. (2007). *Advisory Committee Report to the President, the Congress and the United States Trade Representative on the South Korea/U.S. (KORUS) Free Trade Agreement.* Washington, DC: Office of the United States Trade Representative.

Johnson, C. P. (2007). President. *Testimony before the USITC in connection with inv. No. TA-2104-24. Hearing transcript.*

Kahane, L. H. (1996, October). Congressional Voting Patterns on NAFTA. *The American Journal of Economics and Sociology, 55*(4), 395–409.

Kamdar, N., & Gonzalez, J. G. (1998). An Empirical Analysis of the U.S. Senate Vote on NAFTA and GATT. *International Advances in Economic Research, 4*(2), 105–114.

Kiyota, K., & Stern, R. M. (2007). *Economic Effects of a Korea-U.S. Free Trade Agreement.* Ann Arbor: Gerald R. Ford School of Public Policy.

Manyin, M., Jurenas, R., & Platzer, M. (2011). *The U.S.-South Korea Free Trade Agreement (KORUS FTA): Provisions and Implications.* Washington, DC: Congressional Research Service.

Michaud, C. M. (2010, November 18). House Members Meet with Obama on a New Way Forward on Korea FTA. Washington, DC.

Mizruchi, M. (2007). Political Economy and Network Analysis: An Untapped Convergence. *Sociologica*.

National Pork Producers Council (NPPC). (2010, December 3). U.S.-South Korea FTA Remains a Good Deal for U.S. Pork Producers. Washington, DC.

Office of the Press Secretary at the White House. (2011). Remarks by President Obama and President Lee of the Republic of South Korea in a Joint Press Conference. Washington, DC.

Office of the USTR, Industry Trade Advisory Committee on Steel (ITAC 12). (2007, April 27). The U.S.-Korea Free Trade Agreement.

Olson, M. (1956). *The Logic of Collective Action: Public Goods and the Theory of Groups.* Harvard University Press.

Peltzman, S. (1984, April). Constituent Interest and Congressional Voting. *Journal of Law and Economics, 27*(1), 181–210.

Poole, K., & Daniels, R. (1985, June). Ideology, Party, and Voting in the US Congress, 1959–1980. *American Political Science Review, 79*(2), 373–99.

Prechel, H. (1990). Steel and the State: Industry Politics and Business Policy Formation, 1940–1989. *American Sociological Review, 55*(5), 648–68.

Public Citizen. (n.d.). Methodology to Determine the Number of Jobs in Each Industry Expected to be Harmed by the Korea FTA. Retrieved June 12, 2012, from http://www.citizen.org/Page.aspx?pid=4751

Rhodes, C. (1993). *Reciprocity, U.S. Trade Policy, and the GATT Regime.* Ithaca, NY: Cornell University Press.

Richardson, M., & Munger, M. (1990, November). Shirking, Representation, and Congressional Behavior: Voting on the 1983 Amendments to the Social Security Act. *Public Choice, 67*(1), 11–33.

Schattschneider, E. (1963). *Politics, Pressures and Tariffs; A Study of Free Private Enterprise in Pressure Politics, as Shown in the 1929–1930 Revision of the Tariff.* Hamden, CT: Archon Books.

Senate Finance Commitee. (2010, December 3). Baucus Deeply Disappointed with Annoucement on Korea Trade Deal, Commits to Keep Fighting for American Ranchers. Washington, DC.

Smith, A. (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations.* Digireads.com.

Tomz, M., & Van Houweling, R. P. (2010, November). Candidate Repositioning.

United States International Trade Commission. (2011, March). U.S.-Korea Free Trade Agreement: Passenger Vehicle Sector Update. (Investigation No. 332–523, USITC Publication 4220).

United States Census Bureau. (2011). *2009 County Business Patterns: Geography Area Series: County Business Patterns.*

United States Census Bureau. (2011). *Annual Survey of Manufacturers: Geographic and Area Statistics: Statistics for All Manufacturing by State: 2009 and 2008.*

United States Census Bureau, US Department of Commerce. (2008). Imports Concordance. Washington, DC: United States Census Bureau. Retrieved June 12, 2012, from http://censtats.census.gov/cgi-bin/concordance/concordance.pl?Year=Current&IMEX=IM

United States International Trade Commission. (2007). *U.S.-Korea Free Trade Agreement: Potential Economy-Wide and Selected Sectoral Effects.* Washington, DC.

United States International Trade Commission. (2012). U.S. Imports of Steel Products. Washington, DC.

US Congress, Committee on Ways and Means. (1934). Amend Tariff Act of 1930: Reciprocal Trade Agreements. Washington, DC: Government Printing Office.

WardsAuto Group. (2012). U.S. Total Vehicle Sales Market Share by Company, 1961–2011.

Weller, N. (2009, October). Trading Policy: Constituents and Party in U.S. Trade Policy. *Public Choice, 141*(1–2), 87–101.

White House. (2010, December 3). Increasing U.S. Auto Exports and Growing U.S. Auto Jobs through the U.S.-Korea Trade Agreement. Washington, DC.

White House Press Release. (2011). *Increasing U.S. Auto Exports and Growing U.S. Auto Jobs Through the U.S.-South Korea Trade Agreement.*

Woods, T. (2003). Capitalist Class Relations, the State, and New Deal Foreign Trade Policy. *Critical Sociology, 29*(3).

Yonhap. (2007, January 19). South Korea Retracts Key Demand in Anti-Dumping Rules: Leaked Government Report.