Trump and Trade: Protectionist Politics and Redistributive Policy

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Do redistributive policies intended to mitigate the costs of trade reduce protectionist backlash? To understand the link between policy making and the electoral consequences of policy outcomes, we address this question using data on redistributive assistance to workers harmed by trade liberalization. By analyzing the 2016 US presidential primary and general election results, we show these redistributive policy benefits are associated with reduced support for then-presidential-candidate Donald Trump, who ran on an antiglobalization platform. These findings suggest redistributive trade assistance may have a political impact by mitigating support for protectionist platforms and antiglobalization rhetoric of presidential candidates. Our results suggest that the redistributive program we examine in this article may accomplish one of its objectives: to make trade liberalization more politically palatable. This article extends findings in the extant literature on anti-incumbency effects to suggest that policy outcomes affect electoral support for candidates with antiglobalization platforms.

Republican candidate Donald Trump's arrival on the 2016 electoral stage ushered in a protectionist platform of which the Republican party, and nation, had not seen in decades from a major party nominee. His campaign rhetoric was accompanied by controversial tariffs and rumblings of a trade war, evidence that his antitrade stances were not empty promises. His electoral victory came courtesy of Rust Belt states that were the hardest hit by trade liberalization and materialized the fears of a protectionist backlash.

In recent years, scholars studying changes in antiglobalization sentiment pointed to redistributive policies to assist workers harmed by trade as a defense against protectionist backlash (e.g., Hays 2009; Rodrik 1998), even arguing that globalization may not be sustainable absent of trade adjustment compensation for the "losers" of trade liberalization (Colantone and Stanig 2018). Indeed, the electoral impact of the costs of trade is well documented across the globe, leading to reduced support for incumbents in the United States (Jensen, Quinn, and Weymouth 2017; Margalit 2011) and a shift in favor of nationalist and isolationist candidates in Western Europe (Colantone and Stanig 2018).

Trade adjustment assistance for workers, such as temporary income, job training, and relocation resources, is intended to defend against such electoral consequences (Hornbeck 2013). However, while such assistance has been shown to reduce anti-incumbency effects (Margalit 2011), we do not know whether it is effective in curbing protectionism among voters. Moreover, some argue that current trade adjustment assistance policy is not adequately designed to curb the rise of protectionism (e.g., Scheve and Slaughter 2007).

In this short article, we consider this question by leveraging the rise of Donald Trump's presidency. We examine the effect of the US Trade Adjustment Assistance Program (TAA) on support for Donald Trump in both the 2016 Republican primary and general elections. We find that trade adjustment assistance benefits are significantly associated with reduced support for Trump during both the primary and the general elections. While modest effect sizes constrain our substantive

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interpretation, our results suggest that trade adjustment compensation has electoral consequences and may reduce support for candidates who display antiglobalization platforms.

Indeed, our research contributes to the literature on economic voting by suggesting that trade adjustment compensation can reduce the public backlash against trade liberalization. Previous work (Margalit 2011) has found that job loss due to trade has a particularly deleterious effect on support for incumbents but that TAA lessens anti-incumbent electoral results. Our results build on findings of incumbency effects of TAA to show reduced support for an antiglobalization and protectionist campaign, suggesting that redistributive programs such as TAA can actually mitigate electoral backlash due to trade-related losses. More broadly, these findings suggest that policy outcomes can have an electoral impact and affect support for candidates who campaign on antiglobalization platforms.

It is important to note that the effect sizes are small, making the strength of the relationship and extent of the substantive implications of our findings unclear. The small effect size could be driven by slow implementation and the insufficient size of redistributive programs (D'Amico and Schochet 2012). This implies that redistributive policies should be significantly more robust to effectively curb protectionist sentiment of voters. Nonetheless, our results reveal a promising direction for follow-up studies that go beyond incumbency effects and partisan retrospection. These findings demonstrate the importance of examining how policies affect electoral support for campaign platforms.

ELECTORAL CONSEQUENCES OF REDISTRIBUTIVE TRADE POLICY

Scholars have argued that governments increase spending in an attempt to soften the blow of domestic job losses and mitigate public backlash toward trade liberalization (Rodrik 1998). In fact, one of the admitted purposes of the TAA in the United States is to make trade agreements politically palatable (Hornbeck 2013). While previous work (Margalit 2011) has found positive effects of favorable TAA decisions for presidential incumbents, it is less clear whether TAA reduces negative public reaction to trade liberalization.

We argue that voters may be influenced by redistributive assistance offered to workers in their communities who have been harmed by trade. Local economic hardship can have an effect on presidential elections (Healy and Lenz 2017), whether due to pocketbook or sociotropic considerations (Kinder and Kiewiet 1981). While the workers and their families are most obviously affected by trade-related job loss, import exposure can also indirectly affect residents in hard-hit communities facing long-term economic decline (Colantone and Stanig

2018). Moreover, voters may be more affected by the plight of their friends and neighbors than by their assessments of the national economy at large.

There are several sources for voters to learn about trade-related costs and TAA benefits within their communities. Plant and business closings are often covered in local news along with announcements when the displaced workers receive government trade adjustment assistance (e.g., Slater 2019). Additionally, unions are a major source of trade- and labor-related information for their members and their families, the voters who are the most motivated to vote on the basis of trade and labor policies (Kim and Margalit 2017).

This issue of government assistance to workers harmed by international trade and its political consequences is particularly relevant to the dynamics of the 2016 presidential election during which trade-related job loss was one of the most salient issues. The then-Republican-candidate Donald Trump capitalized on the antiglobalization sentiment. Trump's antitrade rhetoric was unusual, depicted in the press and by scholars as "challenging the last 200 years of economic orthodoxy that trade among nations is good, and that more is better," and he was noted for being "the first Republican nominee in nearly a century who has called for higher tariffs, or import taxes, as a broad defense against low-cost imports," with more reservations regarding trade liberalization than even his Democratic opponent (Appelbaum 2016). Given his unprecedented protectionist campaign, the 2016 primary and general elections offer an appropriate test of how TAA affects the electoral impact of international economic integration.

While studies of retrospective voting have found that economic conditions and policy actions can affect election results (e.g., Healy and Lenz 2017), we know less about whether these effects extend beyond attributing blame (or credit) to the incumbent or the incumbent's party. Do policy outcomes affect how voters respond to candidates' policy stances? We build on previous work to consider whether redistributive assistance for workers harmed by trade has an impact on electoral support for a protectionist candidate.

DATA, METHODS, AND RESULTS

Congress created the TAA with the passage of the Trade Expansion Act of 1962, to help US workers and firms that have been negatively affected by trade liberalization by providing job training, temporary income, and other assistance. To be considered under this program, a petition must be filed with the Department of Labor (DOL) by or on behalf of a group of workers who have lost or may lose their jobs or experienced a reduction in wages as a result of foreign trade. A petition may be filed by a group of workers, an employer, a union, a state workforce official, or an American Job Center

operator/partner. Members of Congress sometimes contact the DOL in support of petitions from their district or states (Ritchie and You 2019). The Office of Trade Adjustment Assistance (OTAA) investigates the case to determine whether foreign trade was an important cause of job loss.[1] If the OTAA certifies the petition, petitioners may apply to their state workforce agency for benefits and services (Hornbeck 2013).

We obtained all TAA petitions submitted between 2005 and 2012 from the DOL website. Petitions include the name of the employer; location of a firm; whether the petition is made by workers, the company, or a union; standard industrial classification; estimated number of affected workers; decision; and decision date. In total, there were 17,309 petitions made during the period, and 75% of them were approved. Figure 1 presents the total number of petitions by county between 2005 and 2012.

The average estimated number of workers affected by foreign trade for each petition is 88, and over 1.13 million workers in total were represented by petitions during the period.[2] Out of the total number of petitions, 40% were submitted by companies, 30% by workers, 18% by state agencies, and 10% by unions.

TAA benefits resulting from approved petitions take time to be delivered and recognized, and so we expect that benefits from petition decisions occurring during 2005–12 would have an observable impact on public sentiment by the 2016 election, particularly because of the salience of the issue during the entire campaign season.[3] Following this logic, we expect that

higher petition approval rates are negatively associated with a shift in support for Trump from the Republican candidates in 2008 and 2012. As an additional and alternative measure of TAA benefits, we use the estimated number of workers affected by approved petitions, which we also expect to be negatively associated with support for Trump.[4] Figure 2 presents the changes in Republican vote share from the 2008 to the 2016 presidential election by county. It shows significant variation in terms of vote share changes across counties.

To estimate the electoral impact associated with a petition and its approval rate, we create a data set at the county level. For each county in the data, we calculate the total number of TAA petitions submitted and approved during 2005–12. We estimate the following model:

$$\text{Trump Support}_{is} = \beta \times \text{TAA}_{is} + \Gamma \times \text{X}_{is} + \alpha_s + \varepsilon_{is}, \quad (1)$$

where i indicates county and s indicates state. We use three variables to measure Trump support. First, we measure Trump's vote share in the Republican primary. Second, we measure a change in Republican vote share percentage from 2008 to 2016 in the general election. Third, we measure a change in Republican vote share from 2012 to 2016 in the general election. The variable TAA includes the total number of TAA petitions submitted and approved between 2005 and 2012, as well as the total number of workers affected by approved TAA petitions. And X_{is} includes demographic variables such as race and age composition, education, income, unemployment rate, foreign-born ratio, health insurance coverage rate, and manufacturing sector ratio in each county.[5] We also include the variable China shock, which captures the change in Chinese import exposure per worker during 1990–2007 (Autor, Dorn, and Hanson 2013).[6]

Columns 1 and 2 in table 1 present the results for the Republican primary.[7] The results show that while the total number of TAA petitions submitted is not significantly associated with support for Trump during Republican primaries, higher TAA approval (TAA petition approval rate) and the number of workers who benefited from the TAA program in a county

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1. The TAA eligibility criteria include that the workers must have become separated from their employment or have been threatened with separation, and the role of foreign trade must be established by an increase in competitive imports, a shift of production to a foreign country, or a decrease in sales to a TAA-certified firm or by the US International Trade Commission.

2. Around 20% of petitions do not have the estimated number of workers. Petitions with missing information on the estimated number of affected workers are more likely to be submitted by workers instead of firms. To address this issue, we create two variables at the county level. For each county, we count the total number of petitions with the information on the estimated number of workers and the number of petitions submitted by workers. Then, we calculate the ratio of petitions that include the information on the estimated number of affected workers and the ratio of petitions submitted by workers. We include these variables as controls and rerun the main regression. Table A9 (tables A1–A12 are available online) presents the results.

3. In the appendix (available online), we provide the robustness checks. Table A4 includes a commuting zone fixed effect. Table A5 presents the regression analysis that documents the effect of TAA decisions from 2005 to 2015. Table A6 varies the inclusion of the TAA variables. In the appendix we also offer a discussion about myopic voters and the timing between TAA decisions/benefits and elections. Tables A10 and A11 examine TAA decisions broken down into three time periods (2005–8, 2009–12, 2013–15). The results are largely consistent. Also see table A12 for the affect of TAA decisions from 2008 to 2012 on Obama's reelection vote share.

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4. In table A8, we examine the impact on Bernie Sanders's Democratic primary support but do not find significant results. However, Sanders's stance on trade was not as stark as Trump's in comparison with the party's other candidates and historical platform. Hillary Clinton shifted to a more protectionist stance during the campaign.

5. Demographic data are from the American Community Survey five-year average (2011–15), and table A1 presents the summary statistics for the variables.

6. Autor et al.'s (2013) data do not include information for Alaska and Hawaii, so counties in those two states are not included in the analysis.

7. Table A2 presents the results for the bivariate regression between TAA petitions and the electoral outcomes. For the full regression results of table 1, see table A3.
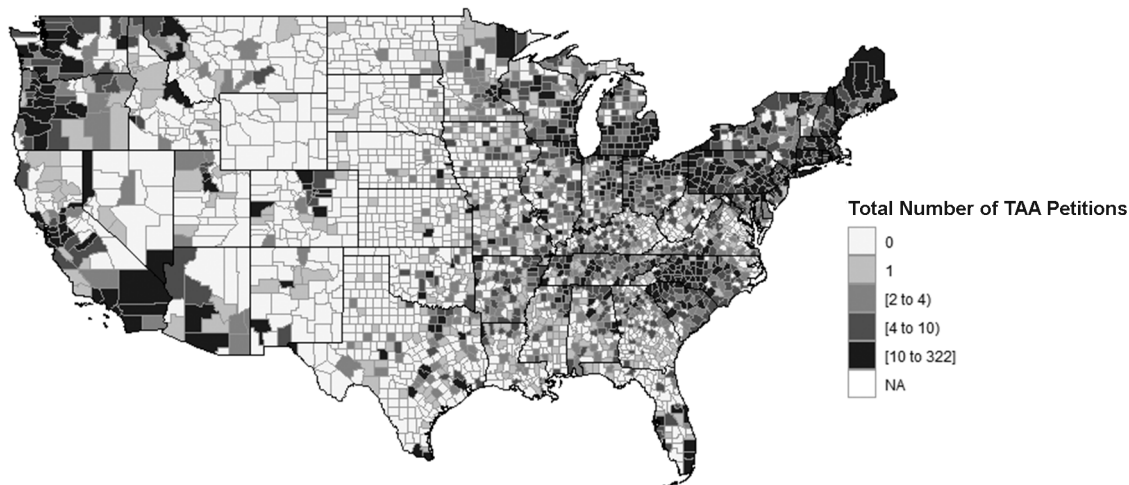
Figure 1. TAA petitions by county, 2005–12. Color version available as an online enhancement.

((ln) Number of affected workers by approved TAA) are negatively related to Trump support, and the relationships are statistically significant.

Next, we investigate whether TAA petition approval is associated with a shift in Republican vote share in each county in the 2016 general election. Given that we use the difference in Republican candidates' vote share in a county i from 2008 (ΔRep.Vote$_{i,08-16}$) and 2012 elections (ΔRep.Vote$_{i,12-16}$), the model we estimate controls time-invariant, county-level characteristics that are correlated with support for the Republican candidate, a model specification that is very similar to that in Margalit (2011).

Columns 3–6 in table 1 present the results for changes in support for Republican candidates in a general election. The results on TAA-related variables are similar to those of the Republican primary. Counties where more TAA petitions were approved and more workers benefited from the TAA program are negatively associated with changes in Republican vote share in 2016 from both 2008 and 2012. Interestingly, the results appear to be primarily driven by Republican-leaning counties (see table A7).

Following Mummolo and Peterson's (2018) suggested method, our analysis indicates that a 1 standard deviation change in a treatment ((ln) Number of affected workers by approved TAA) would reduce the vote share change for Trump in 2016 from McCain in 2008 by 0.28%. Given that the average Republican vote share change from 2008 to 2016 is 8.9%, this implies that a 1 standard deviation change in the (ln) number of affected workers by approved petitions accounts for a 3.1% change of the mean value.[8] While these effects are modest, even such small effects can affect outcomes in competitive elections. In the 2016 election, the razor-thin outcomes in three of the Rust Belt states (Michigan, Wisconsin, and Pennsylvania) most affected by trade loss (and recipients of TAA) were critical to Trump's victory. He won these states by a total of 107,000 votes, 0.09% of the total votes cast in the 2016 election (Meko, Lu, and Gamio 2016). That said, the modest effects we find constrain our confidence in the extent of the substantive implications of our results but also suggest the need for follow-up studies.

Our results suggest that government programs such as TAA have a broader electoral impact and may discourage voters from supporting a protectionist candidate. These findings also indicate that citizens' responses to TAA benefits go beyond evaluations of incumbents, suggesting that TAA may reduce support for candidates who run on antiglobalization platforms, which is increasingly common across the developed world. The implications present a more positive evaluation of the program; TAA works as intended by making trade politically palatable, despite critiques that TAA is not effective.

CONCLUSION

In this article, we offer evidence that trade adjustment assistance for workers harmed by trade is associated with reduced support for Donald Trump, suggesting that TAA may have mitigated public opposition to trade liberalization and cooled the protectionist sentiment on which the Trump campaign capitalized. Specifically, we find that approved TAA petitions are negatively associated with county-level vote share for Donald Trump in both the 2016 primary and general elections. It is important to note that, like some studies of electoral outcomes in presidential elections, the effects we document are

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8. For more detailed explanations on the analysis on the substantive effect of TAA petition approvals, see app. p. A4.
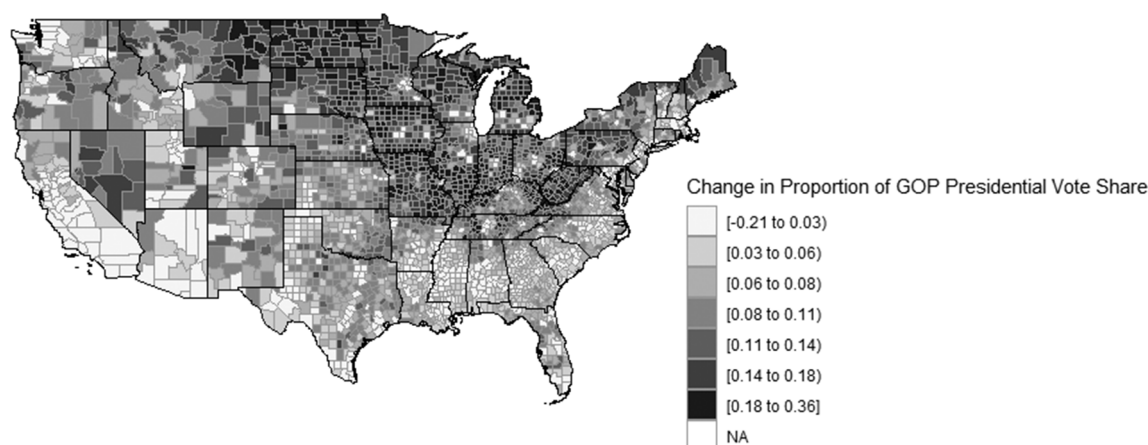
Figure 2. Change in Republican vote share, 2008–16, by county. Color version available as an online enhancement.

small, and so the extent of the substantive implications is unclear. The processing of TAA petitions and benefits takes several months, and the TAA program's impact on affected workers' job prospects is small (D'Amico and Schochet 2012). This may explain the small effect of the TAA program on electoral outcomes. However, the outcomes of competitive elections, including the 2016 election, are often determined by razor-thin victories in a few key states. Our results compel further study of how the outcomes and the magnitudes of redistributive policies affect the success of campaign platforms, stances, and rhetoric.

Our study is limited to the unusual case of Donald Trump, unique as a Republican candidate with a strong protectionist platform and notable for rhetoric beyond antiglobalization statements. While this makes for a unique opportunity to study public backlash to globalization, it also may not be generalizable to other candidates with more moderate protectionist policies that are not in such stark contrast with their party. However, given similar and timely concerns of trade compensation and protectionist backlash in Europe, our results may have global implications for evaluations of trade and redistributive adjustment policies.

Table 1. TAA Petitions and Support for Trump

| | Republican Primary Trump Vote | | General Election | | | |
| | | | Δ Republican Vote, 2008–16 | | Δ Republican Vote, 2012–16 | |
	(1)	(2)	(3)	(4)	(5)	(6)
Total TAA petition	−.00677	.00242	−.00750	−.00317	−.00571	−.00251
	(−.62)	(.22)	(−1.15)	(−.53)	(−.91)	(−.43)
TAA petition approval rate	−.903***		−.355**		−.301*	
	(−3.05)		(−2.19)		(−1.90)	
(ln) Number of affected workers by approved TAA		−.209***		−.0967***		−.0718**
		(−3.29)		(−3.19)		(−2.22)
Controls	✓	✓	✓	✓	✓	✓
State fixed effects	✓	✓	✓	✓	✓	✓
N	2,892	2,892	3,123	3,123	3,123	3,123
Adjusted R^2	.904	.904	.770	.771	.738	.739

Note. Outcome = vote percentage. TAA = US Trade Adjustment Assistance Program. Standard errors are clustered at state level; *t*-statistics in parentheses.
* $p < .1$.
** $p < .05$.
*** $p < .01$.

What do our findings imply about the broader relationship between policy outcomes and electoral impact? Our results build on contributions from the retrospective voting literature to suggest that policy outcomes can have influence beyond incumbency effects. Policy outcomes may have an impact on electoral support for candidates based on the issues emphasized in their campaigns. This offers a promising direction for follow-up studies to consider whether the electoral impact we find could incentivize presidents to strategically allocate trade benefits (Lowande, Jenkins, and Clarke 2018).

While the economic voting literature (e.g., Lewis-Beck 1986) emphasizes the effect of economic conditions on voting, we show that redistributive policy outcomes may mitigate the relationship between economic conditions and voting. This implication is important because it suggests that redistributive programs can effectively supplement policies by reducing the public's perception of the policies' costs. While our data do not allow for a direct test of this implication, our results suggest this is a promising direction for further research. Given the importance of localized electoral reactions to trade-related job loss in battleground states (Margalit 2011), our findings may reveal an incentive for proponents of trade liberalization to advocate for redistributive policies that compensate those bearing the costs of trade.

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