The Chief and Trade: Executive Constraints' Effect on States' Tariff Rates

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1 Introduction

Does democracy stimulate trade liberalization? Since the Third Wave of democratization, scholars have been debating this question. At the time, in the twilight of the Cold War, both authoritarian regimes and trade barriers were falling. Some (Bliss and Russett 1998; Milner and Kubota 2005) have argued unequivocally that the two phenomena were connected, with democratization promoting free trade, while others (Kono 2008; Tavares 2008) have argued that democratization only facilitated free trade in certain circumstances. Today, trends in democratization have reversed as protectionist politicians rise to power in the U.S., Eastern Europe, and elsewhere (Freedom House 2024). Although this paper will not endeavor to answer whether today's democratic backsliding facilitates its protectionism, the co-occurrence of these phenomena makes understanding the relationship between regime type and trade policy more important.

The focus of this paper is limited to re-evaluating conclusions regarding the relationship between democratization and trade liberalization during the Third Wave. Specifically, it looks to build on and challenge the findings of Milner and Kubota (2005). As they argue, democratization facilitates trade liberalization among developing countries by expanding the selectorate, the group of

people who chose the chief executive and other government officials. In authoritarian regimes, the selectorate and owners of capital tend to coincide as political power and capital are concentrated in the same place—among military elites, party bosses, personalistic dictators, etc. However, as countries democratize, owners' of capital influence diminishes as everyday workers become more important constituents. According to the Heckscher-Ohlin model, these workers would favor trade liberalization compared to moneyed elites because trade benefits the abundant factor of production—labor in developing countries—and disadvantages the scarce factor, capital.

On theoretical grounds, I caveat Milner and Kubota's argument by positing that, in democracies, vertical accountability—the process through which citizens are able to hold elected representatives accountable through regular, free, and fair elections—facilitates trade liberalization where as horizontal accountability, the degree to which there are institutional constraints on the chief executive, hinders trade liberalization. Following from the Heckscher-Ohlin model and academic literature on the delegation of trade policy to the executive (O'Halleron 1994; Nielson 2003), I assume that representatives in single member district plurality systems are inclined to engage in pork-barrel activities for industries favored in their districts, leading to an increase in the over-all amount of protectionism. Executives, by contrast, have a vested interest in improving the general welfare to sustain popular support throughout a state, meaning that if they are granted the power to dictate trade policy, they will favor liberalization.

While challenging Milner and Kubota's formal theorizing, I also re-evaluate an implication of their findings that was not explicitly addressed in their paper. Based on how they operationalized their measure for democracy, as executive constraints increase in authoritarian regimes and power is more widely dispersed, trade liberalization should rise. However, these results are hard to

reconcile with the Heckscher-Ohlin model, considering that moneyed, political elites would likely be sharing power with other moneyed, political elites. By consequence, we would expect their interests regarding trade policy to be uniform, leading to little change in the amount of protectionism.

Taken in sum, this paper is concerned with the degree to which institutional constraints on the chief executive's decision making power affects trade policy. Its expectation is that the effect of institutional constraints will vary based on regime type. In democracies, it expects that as power is delegated to the executive, trade barriers will fall. In authoritarian regimes, it expects that institutional constraints and power sharing will have no effect on trade policy.

The remainder of this paper is dedicated to evaluating these hypotheses and gauging whether they are substantiated by data on trade liberalization and countries' regime type during the Third Wave of democratization. The first section offers a more thorough overview of the theory discussed in the introduction. Then, it delves into an overview of the data and quantitative methods used to evaluate the expected hypotheses. The third section is dedicated to discussing the results from the regression models, and then it concludes with a summation of the findings of this paper.

Ultimately, we find little substantiation of the theories we posit. Although we suggest that reducing executive constraints in democracies reduces trade barriers, we find the opposite to be true. As executive constraints increase, tariffs tend to fall. As it relates to authoritarian regimes, our data do not reject the hypothesis that executive constraints have no effect on tariff rates.

2 Theory

What is the mechanism through which democratization impacts trade policy? As Milner and Kubota define it, democratization is "a movement toward ma-

jority rule with universal suffrage in contested elections." Using the terminology of Buenito et al., they call anyone who participates in the selection of political leaders, "the selectorate." In democracies, the selectorate consists of the subset of the population that is eligible to vote. In non-democracies, it is the group whose support is required for leaders to stay in office.

Based on these definitions, Milner and Kubota assert that democratization entails the expansion of the selectorate. Choosing leaders through freely contested, popular elections, democracies require candidates gain the support of a wide number of people to win office. The increase in the number of supporters required to win implies a change in the preferred policies of the selectorate, assuming the wider public has different interests than the elites who previously chose political leaders. To retain power, office-seeking politicians must therefore adjust their policies to appeal to newly empowered voters.

As it relates to trade policy, the expansion of the selectorate in developing countries is expected to reduce politicians' preferred tariff rates. The Stolper-Samuelson theorem shows that individuals' gains or losses from trade are determined by their relative endowments of capital and labor. States abundant in one factor of production are expected to benefit from trade with states abundant in the opposite factor of production. Because the vast majority of developing countries' trade is with their richer counterparts, labor-intensive industries are expected to benefit from liberalization while import-competing, capital-intensive industries are expected to lose from it. In terms of domestic politics, democratization is therefore expected to reduce politicians' preferred amounts of protectionism because it redistributes political power from capital owning political elites, urban owners of industry, and high-skilled unionized workers to poorer and more rural workers.

Based on how they define democratization—as being the expansion of suf-

frage and contested elections—Milner and Kubota's theory makes sense. However, their theorizing papers over the difference between strongly majoritarian regimes and liberal, representative governments with robust separation of powers. Borrowing the terminology of O'Donnell, Milner and Kubota emphasize vertical accountability—the degree to which politicians face electoral accountability in regular, free, and fair elections—and largely disregard horizontal accountability—the checks and balances that legislative and judicial branches place on chief executives.

Although Milner and Kubota's theory generates clear-cut predictions regarding the effect of vertical accountability on trade policy, its pertinence to horizontal accountability is limited. While the expansion of the selectorate may correlate with the number of constraints placed on the chief executive, they are independent phenomena that can happen separately of each other. As O'Donnell (1994) notes, after the fall of the military dictatorships in Latin America, some countries were polyarchies, in the sense that there held competitive elections with universal suffrage, but they lacked independent judiciaries and legislatures that could balance against the executive. As he deemed them, they were delegative democracies, consisting of "constituting, through clean elections, a majority that empowers someone to become, for a given number of years, the embodiment and interpreter of the high interests of the nation" (O'Donnell 1994, 60).

As it relates to trade policy, we have some reason to believe that the constraints placed on a chief executive, particularly as it relates to tariff policy, will affect the amount of liberalization. Consider that free trade can generally be treated as a collective action problem. Its benefits are widely dispersed as everyone benefits from falling prices and the subset of people employed in labor-abundant industries see their wages grow. However, the costs of advocating for free trade are intensely concentrated, meaning that it is in no one

person's interest to vouch for free trade, especially considering that their individual contribution would likely not be pivotal. In legislatures made up of politicians from specific geographic districts, the collective action problem is especially pernicious as legislators compete in elections based on local issues instead of national welfare. With important business constituencies often looking for protection from international competition, legislators may be deferential to raising tariffs on products that compete with local producers in their legislative districts. With every legislator potentially sensitive to different protectionist interests, it could resort in deal making and pork barrel activities that increase protectionism across the board despite free trade being a public good.

To resolve the collective action problem, politicians may resort to delegation, in which they cede the power to determine trade policy to the executive. By delegating, power moves from legislators sensitive to protectionist, local interests to presidents who are elected by the entirety of a country and keen on sustaining broad popular support. As a result, presidents vested with the power to determine trade policy will likely liberalize it to bolster national welfare instead of pandering to local, protectionist interests. Anecdotally, this causal logic seemingly played out in Argentina during the 1990s. After the fall of the military dictatorship, the selectorate dramatically expanded as suffrage was granted to virtually all adults and political competition began. The second president elected after the fall of the dictatorship, Peronist Carlos Menem, steadily consolidated power in the executive, ultimately typifying delegative democracy. Bypassing the legislature and exerting greater control over Argentina's economic policy making, Menem lowered trade barriers. Although the public ultimately soured on Menem's broader neoliberal reforms, he was able to sustain popular support in the short-run at the beginning of his term (Weyland 1998). Likewise, despite a broad disliking of neoliberalism in Argentina, Mexico, and Venezuela,

workers and labor unions often supported free trade or, at least, did not oppose it (Murillo 2001).

Regarding authoritarian regimes, the degree to which there is power sharing or executive constraints likely has a limited effect on trade policy. When a ruler and a challenger enter into a power sharing agreement, it often entails the sharing of government spoils (Meng et al. 2023). By providing challengers with lucrative salaries, expensive real estate, and other first rate accommodations, an executive placates them while also potentially changing what factor of production they personally hold in abundance. As it relates to trade policy, spoils standardize the interests of the selectorate. With every party boss, oligarch, and military elite holding lots of capital, they often lack a personal incentive to liberalize trade, provided they live in a developing country. By consequence, even though executive constraints in authoritarian regimes will decrease the amount of power that one person or one office holds, it will not change the policy preferences of those in power. Thus, institutional constrains on the chief executive would presumably not have an impact on trade liberalization.

In terms of Milner and Kubota's initial theorizing, these arguments provide a potential caveat to the relationship between democratization and trade policy. Although it may be true that expanding the selectorate reduces trade barriers, having a fully consolidated democracy with the robust separation of powers may not. Instead, democracies may exhibit more trade liberalization when power is heavily concentrated in the executive branch. Conversely, in authoritarian regimes, the concentration of power in one chief executive, compared to it being more widely dispersed across a government, may have limited effect on trade policy. Considering the uniform interests of wealthy, politically-connected individuals, who would presumably hold power in authoritarian governments, there would likely be no change in decision makers' preference for trade policy.

3 Empirical Analysis

To test my theory, I primarily rely on the panel data Milner and Kubota gathered for their study. Their data set includes observations from 179 developing countries, territories, and dependencies between 1970 and 1999. Variables included span economic indicators and ordinal variables constructed to quantify countries' regime types.

My central independent variable is the institutional constraints on a country's chief executive at time ***t***. This variable was not included in Milner and Kubota's initial study and it is one I added to their dataset. To measure how constrained a state's chief executive is, I decompose Polity V. Polity is an index that measures how democratic or autocratic a country is based on five factors: (1) how competitive the process is for selecting the next chief executive, (2) the openness of said process, (3) the the competitiveness of political participation within a country, (4) the degree to which binding rules govern political participation within said process, and, lastly, (5) the extent to which institutional constraints limit a chief executive's decision making authority. Of interest to this study is the last component, **XCONSTR**. To measure how constrained a chief executive is, Polity grades regimes on a seven point scale, ranging from complete executive control (1) to executive parity or subordination (7). In grading the limitations on an executive, Polity considers both *de jure* and *de facto* limitations. It is not sufficient for a legislature to have the constitutional power to over-ride an executive but that constitutional power must also be respected and cannot be abridged.

Polity's measure of executive constraints is particularly useful to test my hypotheses because it grades democracies and authoritarian regimes on the same scale. As opposed to other indices, like Varieties of Democracy, that may contain missing data for given observations if a state does not meet the qualifications

Table 1: *Summary Statistics*

Variable	*Observations*	*Mean*	*Standard Deviation*	*Minimum*	*Maximum*
TARIFF	907	20.54	15.06	0	102.2
XCONSTR	3275	3.31	2.16	1	7
VERTICAL	3275	-1.69	4.42	-7	6
AV TARIFF	5372	14.91	11.53	0	30.52
BP CRISIS	2637	0.59	0.49	0	1
DD	4188	0.30	0.46	0	1
EC CRISIS	3404	0.06	0.24	0	1
GATT/WTO	4674	0.47	0.50	0	1
IMF	4008	0.15	0.35	0	1
LNPOP	4882	15.11	2.00	10.57	20.95
OFFICE	3011	8.43	8.12	0	44
PC GDP	3692	2884.76	4645.19	0	44164.5
US HEG	5372	0.27	0.02	0.24	0.31

of being a democracy, Polity's data does not exhibit systematically missing observations.

Our second independent variable of interest is a dichotomous categorization of whether a country is a dictatorship or democracy. This measure, **DD**, is blunt and does not capture variations in how democratic a country is. However, I use it so we can evaluate whether the effect of executive constraints are systematically different in democracies and authoritarian governments. In this analysis, DD=1 when a country is a democracy and DD=0 when it is an authoritarian government.

To account for the potentially confounding effects that an expanding selectorate could have on our analysis, I include a second measure of how democratic a country is, that highlights its vertical accountability. After decomposing Polity to isolate its measure for executive constraints, I reconstitute it using the four outstanding measures of political competition and participation to get the varable **VERTICAL**. The greater VERTICAL is, the more political competition and participation there is. To calculate it, I use the same weights that Polity uses to calculate countries' autocracy and democracy scores to create adjusted versions of each, which I then subtracted

from each other. I have no rigorous explanation for why I take this approach apart from it being the methodology that Polity uses. It is possible that there is some systemic issue with this approach that I have missed. However, considering the exploratory nature of this paper, the risk of this happening is sufficient to tolerate. The three measures of democratization that we use are highly correlated with each other ($r_{XCONSTR,DD} = 0.75$, $r_{XCONSTR,VERTICAL} = 0.847$, $r_{VERTICAL,DD} = 0.79$), raising possible concerns about collinearity.

The central dependent variable of this paper is a country's unweighted average tariff rate at time, $\boldsymbol{t}$. While there are several ways to measure countries' openness to trade, tariff rates are the most direct. The quality and extent of data documenting countries' tariff rates varies over time and by country. In Milner and Kubota's dataset, several countries were occasionally sampled in the 1980s, but otherwise not measured regularly until the mid 1990s. In total, there are 907 unique observations of countries' tariff rates in their data.

This paper is concerned with the impact that executive constraints and democratization have on countries' trade policies. However, there are a variety of alternative factors that may impact whether countries liberalize their trade practices. In deciding which variables to control for, I exclusively rely on those that Milner and Kubota included in their models, adopting their logic as to why I incorporate them here.

First, it is important to account for potential economic and demographic factors that make countries more inclined to adopt free trade. Countries with small populations are often argued to liberalize trade more often than their larger counterparts, and larger economies tend to have lower trade barriers. To account for the former, we include a variable representing the natural log of countries' populations, **LNPOP** , and to account for the latter, we include a measure for country's per capita GDP, **PC GDP**.

Considering that various political and economic crises may cause countries to adopt free trade, it is important that we include measures for possible shocks that could compel a country to liberalize trade. Milner and Kubota characterize a country as being in an economic crisis (**EC CRISIS**=1) if it is either facing inflation over 40%

or has seen its GDP fall by 15% or more compared to the previous year. Another variable, **BP CRISIS**, represents a balance of payments crisis. To qualify as being in the midst of a balance of payments crisis (BP CRISIS=1), a country's international reserves must be lower than the three months worth of imports.

Aside from economic crises, it is possible that international financial organizations pressure countries into liberalizing trade. Accepting financial assistance from the International Monetary Fund to avert a larger economic collapse may come with conditionalities requiring countries to lower trade barriers. As such, Milner and Kubota include a variable indicating whether a country has agreed to a loan that year in response to a balance of payments crisis (**IMF**=1). They include two additional measures that approximate the degree of international financial pressure applied to a country. **US HEG** represents the sum of U.S. exports and imports as a fraction of global trade. Assuming that the U.S. uses its economic predominance to cause market reform, trade liberalization should increase with US HEG. Likewise, if countries have joined either the GATT or WTO (**GATT/WTO**=1), then they should be more inclined to adopt free trade. Lastly, if countries are in economic competition with one another, then one country's trade policies might vary depending on another. As such, we include the measure, **AV TARIFF**, that represents the average tariff level for all developing countries in any given year.

A final factor that could potentially affect a country's tariff rates is the attitudes leaders have toward the best policies available to them. In response to international pressure or economic crisis, leaders may change their belief in whether certain trade policies are practicable. To account for potential evolution in leaders' beliefs, I incorporate two imperfect proxies. Considering that newer governments may be more likely to pursue reform, **OFFICE** represents the number of years a government has spent in office. Secondly, the variable **FIVE OPEN** represents how the five most industrial economies have opened their capital markets. If this value increases, it may reflect less anticapitalist sentiment throughout the world.

In building our regression model, our variables of interest are XCONSTR and an interaction term between XCONSTR and DD. Our expectation is that coefficient of

XCONSTR will not be statistically significant because it represents how tariff rates change with executive constraints in authoritarian regimes. Meanwhile, we expect that the coefficient of the interaction term between XCONSTR and DD will be positive and statistically significant because as executive constraints in democracies increase, we expect that trade barriers will also increase. Our full regression model is as follows:

$$\begin{aligned}\text{tariff}_{i,t} = \beta_0 &+ \beta_1 XCONSTR_{i,t-1} + \beta_2 DD_{i,t-1} + \beta_3 XCONSTR_{i,t-1} \cdot DD_{i,t-1} \\ &+ \beta_4 IMF_{i,t-1} + \beta_5 OFFICE_{i,t-1} + \beta_6 GDPPC_{i,t-1} \\ &+ \beta_7 ECCRISIS_{i,t-1} + \beta_8 BPCRISIS_{i,t-1} + \beta_9 AVOPEN_{i,t-1} \\ &+ u_i + \epsilon_{i,t}\end{aligned}$$

Time series cross sectional data can have several issues that violate assumptions typically required for ordinary least squares to generate unbiased estimates. To mitigate serial correlation, we perform Prais Winsten tests. We also include country fixed effects and a time trend in our regressions to reduce omitted variable bias. Additionally, the incorporation of a time trend allows us to address concerns that the relationship between democracy and trade liberalization is exclusively attributable to both trending in the same direction.

Please note that we also lag all right-hand sided variables in an effort to avoid endogeneity. Believing that the effects of changes in executive constraints, democratization, and other terms may not be fully felt in one year, lagging also helps to better model the relationship between the explanatory and dependent variables.

4 Results

The results from our regression models are displayed in tables two and three. As was expected, the coefficient for EXCONSTR is never statistically significant. The interaction term between executive constraints and the dichotomous democracy-dictatorship measure is always statistically significant, but it is also always signed in

the opposite direction than was expected. In model three, a one standard deviation increase in the amount of executive constraints in democracies, leads to a reduction in tariffs by approximately 1.28 percentage points, holding all else constant. When moving from the minimum number of executive constraints (1) to executive parity (7), expected tariffs fall by approximately 8.96 percentage points in democracies.

Table 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
XCONSTR	-0.377	-0.348	-0.406	-0.372	-0.334	-0.335	-0.148	-1.3
	(0.390)	(0.391)	(0.401)	(0.392)	(0.390)	(0.395)	(0.492)	(0.341)***
DD	11.8***	12.1***	12.3***	11.9***	12.5***	12.2***	12.6***	3.08
	(3.24)	(3.24)	(3.37)	(3.25)	(3.25)	(3.3)	(3.4)	(1.63)*
XCONSTR:DD	-1.750***	-1.790***	-1.790***	-1.750***	-1.840***	-1.850***	-1.820***	
	(0.602)	(0.602)	(0.626)	(0.605)	(0.603)	(0.614)	(0.608)	
LNPOP	37.100***	34.100***	35.800***	37.600***	36.800***	39.100***	36.400***	36.1
	(6.430)	(6.690)	(7.010)	(6.500)	(6.410)	(6.840)	(6.490)	(7.57)***
PCGDP	0.001**	0.001**	0.001**	0.001*	0.001**	0.001**	0.001**	0.000718
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000424)*
ECCRISIS		-1.32						-0.749
		(1.04)						(1.08)
BPCRISIS			1.2					1.25
			(0.848)					(0.864)
IMF				0.196				
				(0.713)				
USHEG					45.3			
					(20.5)**			
FIVEOPEN						-1.190		
						(1.99)		
VERTICAL							-0.196	
							(0.256)	
Constant	3170***	3100***	3170***	3200***	3200***	3090***	3120***	2920
	(0.240)	(0.246)	(0.264)	(0.243)	(0.239)	(0.361)	(0.248)	(321)***
Observations	761	754	731	752	761	719	761	694
R^2	0.798	0.797	0.801	0.798	0.800	0.808	0.798	

Note: Standard errors in parentheses. Country fixed effects and time trend included but not shown. AR(1) correction applied. All right-hand sided variables are lagged one period.
$^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.1$

Making these results even more surprising, the coefficient for the DD term is positive and strongly statistically significant. In model one, moving from a dictatorship to a democracy leads to average tariff rates increasing by an expected 11.8 percentage points, holding all else constant. Considering that democracies will also have much stronger executive constraints than authoritarian regimes, this number on its own may slightly overstate how protectionist democracies tend to be. Nonetheless, this finding is surprising when cast against the backdrop of Milner and Kubota's findings that

expanding the selectorate coincides with a decrease in trade protection.

These findings raise strong doubts about the viability of the first hypothesis we initially posited. With the coefficient of the interaction term being negative and statistically significant in the first set of regression models, we have compelling evidence to reject the hypothesis that the consolidation of executive power will reduce trade barriers. As for our second hypothesis, regarding how executive constraints change trade policy in authoritarian regimes, we were correct to predict that we would not be able to reject the null hypothesis that executive constraints have no effect. However, failing to reject the null is different than having confirmatory evidence for it. At best, we cannot falsify the possibility that executive constraints have no effect on tariff rates in authoritarian regimes, rather than fully prove it.

Among our constants, the estimates for VERTICAL are perhaps the most vexing. Considering that VERTICAL represents the degree of political competition and participation, it is the best proxy for an expansion of the selectorate out of any of the variables we include in our model. Milner and Kubota's theorizing would thus predict that the estimates for VERTICAL would be negative and statistically significant. Although the estimate is always negative in our regression models, it is never statistically significant. As such we cannot conclude that increasing political participation and competition leads to a subsequent decrease in tariff rates.

As for the other controls we included in our model, they are largely the same as what would be expected based on our theorizing and Milner and Kubota's results. The natural log of population is positive and statistically significant, indicating that larger countries also tend to be more protectionist ones. Countries' per capita GDP is also correctly signed, albeit it is not always statistically significant between tables two and three. Although this result differs from Milner and Kubota's, it is not disconcerting by itself.

With regards to the variables used to gauge whether a country is undergoing a domestic crisis, neither the economic crisis nor balance of payments crisis are ever statistically significant. These findings are in keeping with Milner and

Table 3

	(1)	(2)	(3)
XCONSTR	-0.45	-0.451	-0.624
	(0.509)	(0.513)	(0.518)
DD	12.1***	12.2***	11.6***
	(3.58)	(3.6)	(3.6)
XCONSTR:DD	-1.78***	-1.77***	-1.63**
	(0.635)	(0.640)	(0.645)
VERTICAL	-0.206	-0.199	-0.067
	(0.274)	(0.276)	(0.278)
LNPOP	31.4***	32.5***	37.3***
	(7.72)	(7.8)	(7.69)
ECCRISIS	-0.755	-0.664	-0.443
	(1.08)	(1.09)	(1.10)
BPCRISIS	1.24	1.14	1.03
	(0.86)	(0.866)	(0.867)
PCGDP	0.001	0.001	0.001
	(0.000)	(0.000)	(0.000)
OFFICE	-0.188***	-0.187***	-0.189***
	(0.067)	(0.067)	(0.067)
AV TARIFF	0.138*	0.138*	
	(0.072)	(0.072)	
IMF		0.060	0.158
		(0.730)	(0.729)
GATT/WTO			2.810*
			(1.480)
FIVEOPEN			-1.350
			(2.100)
USHEG			45.800**
			(23.100)
Constant	2730***	2790***	3090***
	(332)	(336)	(393)
Observations	694	685	685
R^2	0.814	0.814	0.815

Note: Standard errors in parentheses. Country fixed effects and time trend included but not shown. AR(1) correction applied. All right-hand sided variables are lagged one period.
$^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.1$

Kubota's, suggesting that domestic, economic turmoil is not sufficient to have a clear impact on countries' average tariff rates.

Our variables operationalizing the effect of international pressure on countries' tariff policies differ in whether or not they are statistically significant, but their sign and significance generally agrees with Milner and Kubota's findings. With regards IMF, our results align with Milner and Kubota's as the variable is positive but never statistically significant. This result implies that countries are no more or less inclined to lower trade barriers in the same year that they sign an IMF loan, or at least, not be a discernible margin. AV TARIFF, meanwhile, is positive and statistically significant in all of our regression models, as it was in Milner and Kubota, indicating that as the average tariff rate among developing countries decreases so too do any particular country's usually. The variable that stands out from Milner and Kubota's is USHEG. The point estimates in all regression models are approximately double what they were in Milner and Kubota while the standard errors are comparable. As such, it is highly statistically significant in all of our model, but in the sign is the opposite as to what we predicted. Although we predicted that an increase in the U.S.'s share of global exports and imports would coincide with a decrease in tariff barriers, the opposite is the case.

5 Conclusion

The results of this paper were unexpected and counter-intuitive, based on its own theorizing and the predictions that Milner and Kubota (2005) would have generated. I predicted that the effects of executive constraints on trade policy would differ based on whether a country was an authoritarian regime or democracy. In democratic, developing countries, I expected that delegating power to the executive would lead to an increase in trade liberalization because it effectively redresses the collective action problem that plagues public goods,

like free trade, and circumvents the local interests that may cause legislators in single member district plurality system to engage in pork barrel activities. In authoritarian regimes, meanwhile, I expected that limitations placed on the chief executive would have no effect on countries' tariff rates. Considering that power sharing agreements often entail distributing spoils to challengers, members of government would likely all be owners of capital, meaning that their individual interests would be uniformly against liberalizing trade. Based on Milner and Kubota's findings, this paper also expected that increases in political competition and participation would increase free trade because expanding the selectorate tends to reallocate power from a small group of people with a vested interest in protectionism to a wider number who tend to benefit from free trade.

Generally, the results from my data analysis rebut the hypotheses that I posited at the outset of this paper. In democracies, we find that as the executive's power is reined in, tariff rates tend to fall. This finding contradicts previous academic research (O'Halleron 1994; Nielson 2003), suggesting that delegating tariff policy to the executive reduces the amount of protectionism. Regarding authoritarian regimes, our data analysis yields results that were expected. In our regressions, the variable representing executive constraints in authoritarian regimes is never statistically significant, suggesting that we cannot falsify the possibility that it has no effect.

Perhaps most surprisingly, given Milner and Kubota's argument, we found no statistically significant evidence to suggest that vertical accountability decreases tariff rates, when controlling for executive constraints. In fact, our variable DD even suggested that democracies were inclined to have higher tariff rates than authoritarian regimes—again, when controlling for executive constraints. By consequence, our models yield strange answers to the over-arching question of

how democratization affects trade policy. Whereas previous research suggests that the expansion of the selectorate leads to countries liberalizing their trade policies, our results suggest that the institutional constraints on the chief executive plays a bigger part, with trade barriers falling as power is more evenly shared across branches of government in democracies.

What accounts for the difference between our expectation and reality? It is possible that some of it rests in what assumptions we made about the interests of chief executives in determining trade policy. We reasoned that office-seeking politicians would liberalize trade with the interest of gaining popular support. However, some executives may not be sensitive to electoral considerations of trade. If they face term limits, are confident that they will be re-elected regardless of their trade policy, or are confident that they will lose re-election, they may seek to use their office to build their personal wealth instead of creating policy that benefits the over-all welfare. Legislators, by contrast, rarely face term limits and so may be more politically sensitive to constituents' over-all welfare, leading to states with executive parity being more inclined to lower tariff rates.

Further research would benefit from better specifying the theoretical mechanism explaining why we observe an inverse relationship between executive constraints and trade barriers. Previous theorizing has accounted for why we may observe the opposite pattern, but so far as I am unaware, there is scant literature on why executive parity may promote free trade more than executive pre-eminence.

With regards to future research on the relationship between democratization and trade policy, it may benefit from distinguishing both theoretically and empiricially between horizontal and vertical accountability. While Milner and Kubota's theorizing would suggest that expanding selectorates accounted for

falling trade barriers during the Third Wave, when we ran similar regression models in which we decomposed Polity, political competition and participation were not the driving factors behind trade liberalization. Instead, executive constraints played an unexpected and not immediately obvious role.

Although this study was conducted against data from the Third Wave of democratization, it generates interesting predictions in today's era of democratic backsliding. Around the world, many chief executives remain electorally accountable but are concentrating power in the executive branch and raising tariffs. Milner and Kubota may predict that these leaders would generally favor free trade, considering they still need to win voters' favor (albeit many of them are increasingly electorally unaccountable). However, the results from this paper's regressions would predict that as they consolidate power in the executive, these leaders are more inclined to raise trade barriers. Of course, no single factor is determinative of a country's trade policy. Rather, the combined influence of a collection of different factors is more important. Nonetheless, when we look across the Third Wave of democratization at many different observations, it appears that executive constraints were one factor that shaped states' adoption of free trade.

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6 Data

For the replication data and code used in my analysis, please refer to the following GitHub repository: `https://github.com/wmk2114/Trade-Migration-and-Climate-Change`.