

# Exposure to Offshoring and the Politics of Trade Liberalization: Debate and Votes on Free Trade Agreements in the US House of Representatives, 2001–2006

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The movement of jobs overseas—known as “offshoring”—is one of the most politically charged aspects of globalization in developed countries. The high salience of offshoring reflects growth in competitive pressures from globalization that directly target individuals’ jobs. I argue that, in a world of fragmented production, how vulnerable one’s occupation is to offshoring helps explain patterns of protectionist sentiment not otherwise accounted for by existing work. I expect that the negative consequences of offshoring for workers will be particularly salient. As a result, vulnerability to offshoring is likely to generate protectionist sentiment toward free trade among constituents. Therefore, legislators whose constituents are vulnerable to offshoring should prove more likely to oppose trade liberalization. I measure vulnerability to offshoring at the district level using data from the US Census. I analyze roll call votes on free trade in the House of Representatives between 2001 and 2006. I find that the larger the share of their constituents who are vulnerable to offshoring, the more likely legislators are to vote against free trade and to discuss the costs of trade for workers in floor debates. My results suggest that the dynamics of offshoring constitute an overlooked dimension to the political economy of trade.

Scholars usually treat the political economies of trade and of foreign direct investment (FDI) as separate subjects. However, the increasing role of multinational firms in global production networks, and concomitant rise in intra-firm trade flows, blurs the distinction between the two (Pandya 2016, 470).<sup>1</sup> Trade increasingly involves the exchange of intermediate goods and services, with value added in a number of different countries (Grossman and Rossi-Hansberg 2008, 1978). This fragmentation of production generates new distributional pressures and exposes previously sheltered segments of the economy to international economic competition. These new pressures have important implications for the mass politics of globalization, including voters’ demands for protection or redistribution at the individual<sup>2</sup> and aggregate levels,<sup>3</sup> as well as how elected representatives craft policies in response to those demands.<sup>4</sup>

Offshoring<sup>5</sup> is one of the most visible and politicized aspects of globalization in the United States and other

developed countries (e.g., Blinder 2006; Drezner 2004; Mankiw and Swagel 2006). A recent study finds that a majority of the US public consistently opposes offshoring (Mansfield and Mutz 2013, 597). Offshoring helps drive protectionist sentiment and rhetoric in US politics. In 1992, Ross Perot suggested that NAFTA would lead to a “giant sucking sound” of American jobs moving across the border. In 2004, presidential candidate Senator John Kerry denounced “Benedict Arnold CEOs” that ship American jobs overseas. Offshoring was again an important issue in the 2012 presidential election. Concerns about offshoring played a major role in the 2016 presidential primaries and general election. Indeed, President Trump promised, and has pursued, policies to halt and reverse offshoring, in part by renegotiating free trade agreements (FTAs). Furthermore, systematic research provides evidence that offshoring generates electoral costs for incumbents (Margalit 2011).<sup>6</sup>

Offshoring activities have increased not only in manufacturing,<sup>7</sup> but also across a broader range of more skill-intensive activities, including service activities, which scholars have traditionally viewed as non-tradable (see Hays 2009; Iversen and Wren 1998).<sup>8</sup> Thanks to declining transportation and telecommunication costs, firms are increasingly able to separate the production of a good or service over space and time, which in turn expands the scope of tradable jobs (see Blinder 2007; Feenstra 2010; Jensen and Kletzer 2005). One widely cited estimate suggests that 29 percent of jobs in the US workforce are potentially offshorable (Blinder 2007), implying that

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*Author’s note:* Part of this work was done while I was a visiting researcher at the University of Zurich. I thank Despina Alexanidou, Bill Clark, John Freeman, Matt Fuhrmann, Ben Graham, Lloyd Gruber, Kim Hill, Nan Jia, Noel Johnston, Yoo Sun Jung, Alison Kingsley, Mike Koch, Quan Li, Pablo Pinto, Dennis Quinn, Weiyi Shi, participants in the Program on International Conflict and Cooperation at Texas A&M APSA 2013, IPES 2013, the anonymous reviewers, and the editors of *ISQ* for helpful suggestions and comments. Special thanks to Will Lowe for assistance with text analysis.

<sup>1</sup>For recent work on multinationals and trade, see Jensen, Quinn, and Weymouth (2015b) and Baccini, Pinto, and Weymouth 2017.

<sup>2</sup>See Margalit (2012); Owen and Johnston (Forthcoming); Walter (2017).

<sup>3</sup>See Owen and Quinn (2016).

<sup>4</sup>See Burgoon (2012); Hellwig (2015); Hwang and Lee (2014).

<sup>5</sup>Although the terms “outsourcing” and “offshoring” are sometimes used interchangeably, offshoring is the correct term to describe the phenomena of interest because it refers to production located abroad regardless of the

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boundary of the firm. In contrast, outsourcing refers to production that occurs outside the boundary of the firm regardless of location (for example, customer service call centers located in the United States or India).

<sup>6</sup>See related work by Jensen, Quinn, and Weymouth (2015a).

<sup>7</sup>Materials offshoring is the subject of a large literature (Feenstra 2010; Feenstra and Hanson 1999).

<sup>8</sup>For important exceptions, see Chase (2008) and Wren and Rehm (2013).

offshoring has the potential to impact the welfare of a large share of the US labor force.<sup>9</sup> This is also likely to be true in other developed countries (see [Walter 2017](#)).

The continued salience of offshoring reflects, in part, the growing importance of competitive pressures from globalization directed toward individual jobs rather than toward entire industries or individuals of different skill levels. The ability of firms to split up the production chain means that individuals in different occupations employed in the same industry or even in the same firm may face different competitive pressures from globalization. For example, consider the offshoring of software development by firms like Microsoft, and of accounting by firms like Toys “R” Us and New York Life ([Preston 2015](#)). Research by trade and labor economists highlights the importance of occupation characteristics—including offshorability—in shaping labor market outcomes in a global economy (see for example [Blinder 2007](#); [Ebenstein et al. 2014](#); [Jensen 2011](#)). Yet occupation characteristics, which play a central role in the comparative political economy literature as a site of preference formation ([Kitschelt and Rehm 2014](#); [Rehm 2009](#); [Wren and Rehm 2013](#)), are largely ignored by scholars of international political economy.<sup>10</sup>

Drawing on the recent trade literature, I introduce vulnerability to offshoring—an occupation characteristic—to explain new patterns of protectionist sentiment, including the circumstances in which skilled workers in exporting industries (like software developers) or service occupations (like accountants) would be threatened by trade liberalization. In contrast to less educated, blue-collar workers who have faced competition from trade for several decades, many newly offshorable occupations are higher-skill, higher-wage white-collar jobs. Yet other skilled workers, such as those in managerial positions (like CEOs), as well as less skilled workers in childcare or food service, for instance, provide location-specific services. They therefore remain relatively invulnerable to offshoring. As a result, occupation-based exposure to trade differs from pressures based on skill level, industry of employment, or firm (see [Blinder 2007](#); [Ebenstein et al. 2014](#); [Oldenski 2014](#)).

What does this mean for the politics of trade liberalization? I argue that vulnerability to offshoring is an important source of protectionist sentiment over trade liberalization in developed countries. Although there are individual winners and losers from offshoring, I argue that the aggregate vulnerability to offshoring is a key source of protectionist sentiment among constituents. As politicians who seek re-election, legislators must factor this vulnerability into their trade policy positions, because liberalization facilitates offshoring by reducing the costs of cross-border production. Thus, legislators with constituents vulnerable to offshoring will prove more likely to oppose trade liberalization. My argument accounts for patterns of protectionist sentiment at odds with the expectations of both the factor endowments model—which suggests that less skilled workers in developed countries will oppose trade liberalization—and the sectoral model—which

<sup>9</sup>See also [Jensen \(2011\)](#). Actual offshoring numbers likely understate the labor market consequences because we can never know the number of jobs that would have otherwise been created in the home country if not for fragmented production ([Blinder 2009](#)).

<sup>10</sup>Exceptions include [Hays \(2009\)](#), [Owen and Johnston \(Forthcoming\)](#), and [Walter \(2017\)](#).

predicts industry-based cleavages in which workers in import-competing industries will oppose trade liberalization.

My argument implies that legislators are, first, more likely to vote against trade liberalization and, second, more likely to discuss the costs of trade for labor, when a larger share of their constituents are vulnerable to offshoring. I test my claims by examining support for free trade in roll call votes and in speeches for eight bills on FTAs and trade promotion authority for the US House of Representatives between 2001 and 2006. FTAs are one of the most prominent forms of trade liberalization and thus provide an ideal context to examine the influence of offshoring on the political economy of trade liberalization. I choose this period because it corresponds to the emergence of political concern about offshoring in services ([Guisinger 2017](#); [Mankiw and Swagel 2006](#); [Margalit 2011](#)), and because the United States signed FTAs with both developed and developing countries during this time. I use US Census data, in combination with the offshorability classification developed by [Blinder \(2007\)](#), to calculate a measure of constituency exposure to offshoring at the congressional district level. As my argument expects, I find that when their constituents are more vulnerable to offshoring, representatives are less likely to vote in favor of FTAs and more likely to discuss the costs of trade for workers.

## Related Literature

How do constituents’ interests shape legislators’ positions on trade policy? A number of studies examine the determinants of legislators’ support for free trade or protection in the context of roll call votes in the US House of Representatives and Senate.<sup>11</sup> This literature posits that politicians, motivated by the desire for re-election, must balance the benefits of trade for the economy as a whole against the costs and benefits borne by specific economic interests.

These economic interests may be organized or diffuse ([Grossman and Helpman 2002](#); [Olson 1971](#)). Many scholars examine the demand for trade policy by interest groups, including labor unions.<sup>12</sup> More relevant to this paper, however, is work on diffuse labor interests. Scholars mainly draw from two competing theories of the material interests: Heckscher-Ohlin and Ricardo-Viner.<sup>13</sup> Heckscher-Ohlin expects that coalitions in favor of—and in opposition to—trade form along factor lines ([Rogowski 1989](#)). It expects that owners of relatively abundant factors will benefit from trade, while owners of relatively scarce factors will be hurt by trade ([Stolper and Samuelson 1941](#)). Thus, cleavages will form between owners of abundant factors in support of trade and owners of scarce factors opposed to free trade. For instance, [Hiscox \(2002a, 2002b\)](#) examines the influence of class cleavages between labor, capital, and land on trade votes between 1987 and

<sup>11</sup>See also recent work on position-taking in the form of bill sponsorship ([Fordham and Kleinberg 2012](#); [Galantucci 2014](#)).

<sup>12</sup>Much of this literature draws on the protection-for-sale framework ([Grossman and Helpman 1994](#)). See also [Baldwin and Magee \(2000\)](#), [Fordham and McKeown \(2003\)](#), and [McGillivray \(2004\)](#). For emphasis on the protectionist influence of organized labor interests, see [Baldwin and Magee \(2000\)](#), [Conybeare and Zinkula \(1996\)](#), and [Steagall and Jennings \(1996\)](#).

<sup>13</sup>Note that this approach is not limited to roll call votes on trade, but also, for instance, support for international financial organizations ([Broz 2008](#)) as well as foreign aid ([Milner and Tingley 2011](#)).

1994.<sup>14</sup> Although the traditional factors in this framework are land, labor, and capital, it is flexible enough to include additional factors, such as skilled and unskilled labor (Midford 1993; Rogowski 2006). In developed countries, which enjoy an abundance of skilled labor and scarcities of unskilled labor, cleavages should form between pro-trade skilled workers and protectionist unskilled workers. A large number of studies support this expectation. They find that legislators are more likely to support free trade when their constituency includes a greater share of skilled labor (Bailey 2001; Choi 2015; Conconi, Facchini, and Zanardi 2014; Ladewig 2006; Milner and Tingley 2011).

In contrast to factor-based coalitions, sectoral models drawing from Ricardo-Viner anticipate trade coalitions that form around industry interests. In particular, limited mobility within the economy means some factors are “stuck” in a given industry, and therefore individuals in import-competing (exporting) industries are expected to oppose (support) free trade. Thus, a larger share of constituents in import-competing (exporting) industries will lead to lower (greater) support for free trade (e.g., Alt and Gilligan 1994; Choi 2015; Hiscox 2002a). As is well known in the literature, the level of factor mobility determines whether coalitions will be factor- or sector-based (Hiscox 2002a, 2002b).<sup>15</sup> Empirical evidence finds support for both approaches.

The above summarizes the literature with a narrow focus on constituency characteristics. Additional accounts of legislators’ positions include legislator characteristics like partisanship and ideology, the economic interests of firms (Milner 1988; Nollen and Quinn 1994), foreign policy goals (Milner and Tingley 2015), institutional rules (Bailey, Goldstein, and Weingast 1997; Goldstein 1986), differences between the House and Senate (Conconi, Facchini, and Zanardi 2014; Karol 2007), and electoral incentives (Feigenbaum and Hall 2015).

### Theory

My theory of the political economy of trade with offshoring draws on the trade in tasks literature as a framework. This allows us to understand the political economy of trade in a world with fragmented production. The key intuition of the tasks approach is that every good and service is the product of a combination of a set of tasks. By definition, trade in tasks is possible when the tasks required to produce a good or service can be unbundled; that is, when certain steps of the domestic production process can be performed by foreign labor. If trade in tasks is impossible, goods will be wholly produced in a particular country (Grossman and Rossi-Hansberg 2008). However, when trade in tasks is possible, firms in the home country can offshore segments of the production process of a good—both exported and import-competing—to the foreign country.<sup>16</sup>

The presence of a wage gap between workers in the home and foreign country drives the extent to which offshoring occurs.<sup>17</sup> In the production of a good, firms will offshore tasks performed by both high- and low-skill

labor up to the point that the marginal cost of producing each task at home equals the cost of doing so abroad (Grossman and Rossi-Hansberg 2008). Trade liberalization reduces the cost of offshoring by making it cheaper to import the intermediate inputs generated by the offshored tasks.

What are the characteristics of tasks that can potentially be offshored? Many scholars offer empirical definitions of this concept (for example, Blinder 2007; Crino 2010; Jensen and Kletzer 2005; Oldenski 2014).<sup>18</sup> Following Blinder (2007), I define offshorable tasks as those that do not depend on a specific location and that do not require face-to-face interaction; in other words, offshorable tasks can be provided from a distance. Many manufacturing tasks (for example assembly of clothing) and services tasks (for example customer service, bookkeeping) can be transported physically or over a wire. These tasks are offshorable, and thus more exposed to trade. On the other hand, location-specific tasks (for example farming) or interpersonal tasks (for example hairstylists, personnel management) are non-offshorable. In the remainder of this section, I discuss offshorability and the welfare consequences of trade, the aggregation of preferences with respect to trade in tasks, and the impact on the political economy of trade.

#### *Offshorability and Trade Competition*

The nature of cleavages due to competition from trade in tasks depends on the level of labor market mobility.<sup>19</sup> If there is full labor market mobility, then the distributional consequences of offshoring will fall along factor lines, because workers reallocate skills to tasks in response to trade pressures until wages within each skill level are the same (Acemoglu and Autor 2011). In contrast, I expect that labor market mobility is limited,<sup>20</sup> with tasks that are clustered within occupations. For instance, a computer programmer (an occupation) may perform a number of different tasks (testing and trials, updating code). As a result, when labor market frictions make it difficult for workers to switch occupations, occupation characteristics shape who trade benefits and harms.<sup>21</sup>

Individuals in offshorable occupations are exposed to competition from foreign labor. This puts downward pressure on wages, increases the risk of displacement, and reduces job security. Those in the most offshorable occupations pay a wage penalty, even after controlling for education and industry (Blinder 2007). Workers exposed to offshoring at the occupation level experience large negative wage effects (Ebenstein et al. 2014). Furthermore, individuals in offshorable jobs are also more likely to lose their job, and thus face additional costs due to short-term costs of dislocation and possibly reduced future earnings (Jensen and Kletzer 2005).

<sup>17</sup>Models of offshoring often start from the premise that wages are lower in the foreign (developing) country for workers of all skill levels relative to the home (developed) country because of a technology gap or lagging productivity (Grossman and Rossi-Hansberg 2008, 1988).

<sup>18</sup>For a review of the tasks approach in labor economics, see Autor (2013).

<sup>19</sup>Relaxing the assumption of labor market mobility has important implications for distributional consequences, as shown by Hiscox (2002a).

<sup>20</sup>For recent models of labor market frictions, see Davis and Harrigan (2011), Egger and Kreickemeier (2009), and Helpman, Itzhokhi, and Redding (2010).

<sup>21</sup>See Kambourov and Manovskii (2008), who demonstrate mobility across occupations is lower than across industries.

<sup>14</sup>See also Ladewig (2006) for a similar approach.

<sup>15</sup>See also the work of Choi (2015), Jeong (2009), and Ladewig (2006).

<sup>16</sup>The trade in tasks model is particularly well suited to explain the distributional consequences of increases in the extensive margin of trade (new things are tradable), in contrast to the canonical models, which explain increases in the intensive margin of trade (more trade in the existing set of goods).

The costs of trade in tasks are even greater for those individuals displaced by offshoring. Workers whose jobs are moved offshore experience loss of income and reduced earnings potential, and these workers are more likely to be re-employed in a job of lower quality and pay.<sup>22</sup> These costs are greatest when individuals are forced to change occupations. For instance, one study estimates that occupation-switching due to trade competition leads to wage losses of 12 to 17 percent (Ebenstein et al. 2014).

However, the possibility of trade in tasks also creates opportunities for some workers to benefit through onshoring (i.e., tasks that are exported). Although offshorability is often associated with negative labor market outcomes, this conflates the possibility that a task can be provided from abroad with the likelihood that it will be offshored. In particular, many developed countries have a surplus in trade in services and would likely benefit from further liberalization of services that are trade intensive in certain high-skill, creative tasks (Acemoglu and Autor 2011; Jensen 2011). Thus, workers in some offshorable occupations may benefit from the creation of jobs in the home economy as a result of trade in tasks (Ebenstein et al. 2014; Hummels et al. 2014).

Exactly who wins and loses from offshoring at the individual level is the subject of a growing body of research. Many scholars agree that workers in developed countries who perform routine tasks are negatively affected by trade, especially as exposure to offshoring increases (Acemoglu and Autor 2011; Ebenstein et al. 2014; Goos, Manning, and Salomons 2014; Oldenski 2014). Routine tasks follow a set of rules or scripts, and thus can readily be taught to foreign workers. For application to individual-level preferences, see Owen and Johnston (Forthcoming), who find that those in routine-task-intensive jobs are more protectionist, especially as offshorability increases. Walter (2017) offers an alternative account of the distributional consequences of trade based on new trade theory, in which trade benefits high-skill workers in offshorable occupations while harming low-skill workers in offshorable occupations.

#### *Aggregate Labor Preferences*

Given that offshoring benefits some and harms others at the individual level, how does constituency offshorability shape aggregate preferences toward trade? In the aggregate, I argue that higher levels of offshorability should be associated with greater protectionist sentiment for two main reasons. First, the literature on loss aversion (Kahneman and Tversky 1979) demonstrates that individuals place more weight on loss of income than gains of the same amount. Therefore, the losses associated with offshorability should receive more weight than the gains, and we should expect those hurt by offshoring to care more about trade policy (Freund and Ozden 2008; Tovar 2009).<sup>23</sup> This can produce a status quo or protectionist bias with respect to preferences (Conconi, Facchini, and Zanardi 2014). This means that even if the number of winners and losers from offshoring were exactly equal,<sup>24</sup> the

protectionist sentiment generated by losers would be higher than support for free trade generated by winners (Guisinger 2017).

Second, in the short term, the costs generated by trade in tasks are likely to outweigh the benefits. Even if a country benefits from trade overall, this is typically a long-run outcome, and there are large gross costs associated with the reallocation of workers in the short run (Blinder 2009). For instance, job turnover due to trade causes some people to bear the costs of unemployment. The predominance of long-run full employment models means that scholars have primarily emphasized the impact of trade on wages and the composition of jobs (Jensen 2011). This overlooks the costs of dislocation and transition (see Kletzer 2009), as well as the possibility that trade may produce non-trivial spells of unemployment and reduce long-run aggregate employment (Blinder 2009; Görg 2011). The impact of short-term costs and long-run gains on aggregate preferences is exacerbated by the fact that there may be greater uncertainty about the identity of the winners than losers. This uncertainty can generate support for protectionism even if welfare improves for the majority (Conconi, Facchini, and Zanardi 2014).

Thus, if individuals exposed to trade via occupation offshorability place more emphasis on the costs, and/or if in the short run, the costs are greater than the benefits, then offshorability will generate protectionist sentiment in the aggregate. I assume that workers in non-offshorable occupations do not hold a preference related to offshoring because they are not exposed to this type of trade competition.<sup>25</sup> Therefore, I expect that higher levels of offshorability in a constituency will lead to greater protectionist sentiment in the aggregate.

#### *Offshoring in the Political Economy of Trade*

Offshoring, an important aspect of the public's concern about free trade (Guisinger 2017), introduces a new dimension to the political economy of trade because distributional pressures occur along occupation lines. In line with previous literature, I assume that politicians are motivated by the desire for re-election and must balance the benefits of trade for the economy as a whole with the costs and benefits to certain economic actors. Workers' interests may be organized into unions or associations, or interests may be diffuse and thus determined by a latent shared interest with respect to trade (Grossman and Helpman 2002; Olson 1971).<sup>26</sup> Due to the distributional pressures of offshoring, we should expect both organized and diffuse labor interests to form along occupation lines. Although anecdotal evidence suggests there is some lobbying by occupation-based interest groups, voters' interests as workers are central to politicians' electoral calculus. I therefore focus on diffuse channels of representation (while controlling for contributions from labor groups broadly defined). I return to the issue of occupation-based interest groups below.

What incentives do elected officials have to care about diffuse labor interests, and specifically those related to

<sup>22</sup>See Davis and Harrigan (2011), who argue that trade reduces the number of "good" jobs (those that pay a wage premium) in the economy.

<sup>23</sup>This is consistent with the "loser's paradox," where special interests fight more to avoid loss than to reap gain (Tovar 2009), and declining industries are rewarded with more protection.

<sup>24</sup>Expectations about aggregate gains from trade depend heavily on the assumptions of the model of trade, especially the assumption of full employment (Dean 2015; Egger and Kreickemeier 2009). When the assumption of

full employment is relaxed, trade can lead to an increase in long-run unemployment (Egger and Kreickemeier 2009, 205). See also Helpman and Itskhoki (2010).

<sup>25</sup>However, there is evidence that offshoring is widely disliked by a majority of people (Mansfield and Mutz 2013). Additional evidence suggests that individual welfare expectations about trade are based on the impact of trade on the local community (Guisinger 2017).

<sup>26</sup>For a review of labor influence on trade policy, see Owen (2015a).

offshorability? Looking at skilled labor, Bailey (2001) argues that elected officials need to consider diffuse interests, because these interests represent votes. Elected officials must anticipate that other actors, like electoral challengers or hostile interest groups, may try to mobilize these interests. Following this logic, I argue that elected officials' positions on trade liberalization will vary systematically according to how vulnerable their constituencies are to offshoring because they must anticipate the possible mobilization of these interests in future elections.<sup>27</sup> Elected officials incorporate these interests into their behavior when there is a latent shared interest and some actor willing to mobilize the latent interest if neglected (Bailey 2001). The case of offshoring fits these two conditions because there is clear opposition to this dimension of international trade and many examples of politicization of the issue of offshoring. During the 2004 election, there were 113 ads mentioning imports and outsourcing (Guisinger 2017, 286). Campaign ads in battleground states criticized President Bush for supporting outsourcing (Mankiw and Swagel 2006). For example, an ad titled "It's About Jobs," announced that: "During the past three years it's true George W. Bush has created more jobs. Unfortunately, they were created in places like China. Bush's policies have encouraged the loss of nearly three million jobs. He supported tax breaks to corporations that shipped jobs overseas" (Appleman 2015). These examples suggest that concerns about offshoring are salient and that challengers raise the issue during campaigns. Because legislators can preemptively respond to voters' interests, mobilization does not even need to be an overt process (Bailey 2001, 46). With offshoring shaping a latent interest, elected officials have incentives to consider the impact of trade on those in offshorable jobs when forming trade policy positions.

This incentive remains even if citizens do not precisely understand the mechanics of the relationship between offshoring and trade or how these phenomena affect them. It is necessary only that citizens link offshoring and trade. Voters may not understand economic theory, but instead may form opinions about free trade based on what is happening in their lives, including the possibility of job losses due to trade and offshoring (Freeman 2009, 67).<sup>28</sup> Given the extent to which the public is concerned about jobs being shipped overseas as a result of trade (Mankiw and Swagel 2006, 1041), there are strong reasons to suspect that attitudes toward offshoring will shape attitudes toward FTAs. In support of this idea, Guisinger (2017, 68) finds that preferences toward trade generally and trade defined as offshore outsourcing follow similar patterns. Additionally, Owen and Johnston (Forthcoming) find that occupation characteristics—including offshorability—shape preferences over trade.<sup>29</sup>

Therefore, legislators should be less likely to support trade liberalization when their constituency is more vulnerable to offshoring. Although a legislator's position on trade liberalization is unobserved, we can learn about legislators' latent trade policy positions by examining

legislative speech and votes. Votes are the end result of the legislative process, but position-taking is another important part of the legislative process (Box-Steffensmeier, Arnold, and Zorn 1997; Galantucci 2014; Grimmer 2013). Speeches during legislative debates are intended for a broad audience, including constituents, the media, and other representatives (Pearson and Dancy 2011, 912). If vulnerability to offshoring generates protectionist sentiment in the aggregate, as I argue, then I should find support for the following observable implications of the argument:

**H1:** *Legislators with a larger share of their constituency vulnerable to offshoring will be less likely to vote in favor of trade liberalization.*

**H2:** *Legislators with a larger share of their constituency vulnerable to offshoring will be more likely to discuss the costs of trade for labor during debates on liberalization.*

Although this argument is not the first to suggest that constituency vulnerability to trade affects legislators' positions, the offshoring model introduces a new dimension of vulnerability based on occupation, and thus offers an explanation of patterns of protectionism not captured by factorial and sectoral models. As noted above, the factor endowments model suggests that owners of the same factor will have the same preferences over trade (for example, low-skill workers all support protection). In the aggregate, this implies that the influence of low-skill workers on legislators' policy positions will be homogeneous across other dimensions (including offshorability or industry). The offshoring model is based on the idea that task content of occupations varies within skill levels<sup>30</sup> and that mobility across occupations is limited. It suggests that within skill levels, there will be differences in attitudes toward free trade and thus heterogeneity in terms of constituents' influence on legislators' policy positions within skill levels.<sup>31</sup> Even sectoral models, with limited mobility across industries, do not capture the possibility that firms in an export-oriented industry may offshore certain segments of the production process, hurting some individuals even in expanding or exporting industries.<sup>32</sup> In contrast, the offshoring model suggests that individuals in the same industry could hold different preferences with respect to trade.

The potential explanatory power of the offshoring model is best understood when considering interests that might support free trade according to the canonical models, but would not do so under the offshoring model. For example, recent years have seen an increase in occupation-based lobbying on trade and offshoring. The Communication Workers of America, for instance, are very active in lobbying to protect call center worker jobs

<sup>30</sup>See Acemoglu and Autor (2011) and Oldenski (2014), who demonstrate that canonical models of factor endowments cannot explain polarization of labor markets in developed countries like the United States. For more extensive discussion on the difference between tasks and skills, see Acemoglu and Autor (2011) and Baumgarten, Geishecker, and Görg (2013).

<sup>31</sup>If the offshoring model is correct, we should therefore expect to see legislators respond differently to low-skill workers in offshorable versus non-offshorable occupations. I discuss this further below in the Empirical Strategy and Background section.

<sup>32</sup>For instance, workers in business services occupations like bookkeeping, data entry, and supply management face downward wage pressure from abroad regardless of whether an industry is import-competing or export-oriented. See Grossman and Rossi-Hansberg (2008).

<sup>27</sup>This is consistent with recent work by Feigenbaum and Hall (2015), which suggests that members of Congress are responsive to constituents' economic interests on trade policy.

<sup>28</sup>See also Guisinger (2017).

<sup>29</sup>In contrast, Mansfield and Mutz (2013) do not find evidence of a link between offshorability and trade preferences. This is likely due to the fact that offshorability in and of itself will have an ambiguous effect on trade preferences for individuals (Owen and Johnston Forthcoming; Walter 2017).

in the United States,<sup>33</sup> including reported lobbying disclosures on major trade legislation considered in the next section of this paper (Center for the Study of Responsive Politics 2010). Not only is this an example of occupation-specific lobbying, but communications workers would also be considered sheltered from trade in canonical models. Highly skilled occupation associations also engage in lobbying against trade. For instance, the International Federation of Professional and Technical Engineers also lists offshoring and trade as top concerns.<sup>34</sup> Similarly, the AFL-CIO Professional Employees Department lobbied against the Chilean and Singaporean FTAs, as well as H-1B visas. More recently, the American Institute of Certified Public Accountants began lobbying on trade and immigration (Center for Responsive Politics 2010). This anecdotal evidence supports the idea that these groups lobby with respect to occupation, and in ways that cannot be explained by previous accounts of distributional consequences.

To be clear, this article does not test microfoundations of the trade in tasks model for workers. Rather it develops a theory of how the politics of trade in the aggregate have changed due to offshoring. If the underlying microfoundations of the offshoring model are as posited (namely that differences exist within skill levels and industries), then we should see evidence consistent with the hypotheses above. I therefore test the predictions of the offshoring model alongside those suggested by the existing literature.

Finally, legislators must weigh interests regarding offshorability against those who stand to benefit from a given FTA, including consumers, exporters, and multinationals.<sup>35</sup> Arguments about pro-liberalization interests are well established in the literature, and so I defer further discussion of these factors to model specification.

### Empirical Strategy and Background

I test my argument by looking at votes on free trade agreements (FTAs) because FTAs are high-profile trade votes (Mansfield and Milner 2012; Mansfield, Milner, and Rosendorff 2002). I examine roll call votes and floor debates pertaining to FTAs in the House of Representatives during the 107th, 108th, and 109th Congresses from 2001 to 2006. In robustness checks, I examine roll call votes on all trade bills during the same period.

#### *Background on FTAs in the 107th–109th Congresses*

This study primarily examines eight roll call votes and corresponding floor debates across three Congresses for the implementation of seven free trade agreements and one bill on the adoption of Trade Promotion Authority (TPA). The vote on Trade Promotion Authority (H.R. 3005) merits special discussion because it is not a vote on a specific FTA, but rather a vote to grant the President the power to negotiate reciprocal agreements with partner countries (formerly known as “fast-track” authority).

<sup>33</sup><http://www.cwa-union.org/national-issues/secure-sustainable-jobs>, accessed February 1, 2017.

<sup>34</sup><http://www.ifpte.org/issues/>, accessed February 1, 2017. See also the Washington Alliance of Technology Workers, formed in 1998 by contract workers at Microsoft (techsunite.org, accessed February 1, 2017), and the Alliance@IBM (<https://web.archive.org/web/20160504150653/http://www.endicottalliance.org/>, accessed February 1, 2017), which both focused on offshoring as a key policy area.

<sup>35</sup>The preferences of those in non-offshorable jobs are less straightforward. Their preferences may be shaped by skill, education (Hainmueller and Hiscox 2006), consumer interests (Baker 2005), or sociotropic, media, and elite effects (Guisinger 2017; Mansfield and Mutz 2009; Naoi and Kume 2011).

**Table 1.** Votes on FTAs in the House of Representatives

Bill	Vote	Date
TPA, House version	215–214	12/6/2001
Chile	271–156	7/24/2003
Singapore	271–155	7/24/2003
Australia	314–109	7/14/2004
Morocco	323–99	7/22/2004
DR-CAFTA	271–215	7/28/2005
Bahrain	327–95	12/7/2005
Oman	221–205	7/20/2006

Subject to certain consultation provisions, Congress must then vote on the agreement without amendment or filibustering. TPA is often viewed as essential to the successful conclusion of FTAs (Conconi, Facchini, and Zanardi 2012). Prior to 2001, fast-track authority was in effect from 1974 to 1994, but efforts to renew fast-track during the Clinton administration were unsuccessful. During his campaign, President George W. Bush stated that the renewal of TPA would be one of the top priorities of his administration. In December 2001, the House approved its version of the TPA bill by a narrow margin of 215–214.<sup>36</sup> Although TPA itself does not directly reduce barriers to trade, it facilitates the negotiation of trade agreements and each of the FTAs considered in this study was implemented under TPA. The 108th Congress voted on trade agreements with Australia, Chile, Morocco, and Singapore, while the 109th Congress voted on the Dominican Republic–Central America Free Trade Agreement (DR-CAFTA), and agreements with Bahrain and Oman. Table 1 presents the vote tallies for each bill included in the main analysis. All the agreements passed; however, there is a large amount of heterogeneity of support across the bills. In particular, the vote margins for TPA and the FTAs with Chile, Singapore, DR-CAFTA, and Oman passed by much smaller margins than the other FTAs.

During debates on implementing legislation, representatives who opposed trade liberalization frequently emphasized the cost of these agreements to American workers generally and with respect to offshoring in particular. Not only did representatives consistently discuss lost manufacturing jobs, they also raised concerns about the new threat to white-collar, high-wage service jobs of being moved overseas. As one example, Representative Stark (D-California) suggests that in addition to 500,000 manufacturing jobs lost due to NAFTA,

3.5 million white-collar jobs and \$136 billion in wages will shift from the United States to low-cost countries in the next 10 years. So all of those, in addition to the 100,000 high-tech jobs we have already lost in California, Silicon Valley, those jobs will become obsolete under the Bush administration’s course for free trade. It will not just be IT jobs. We will see a shift in financial service jobs, research and development jobs, service call center jobs and insurance jobs. (United States–Chile Free Trade Agreement Implementation Act 2003, H7471)

<sup>36</sup>Ultimately, conference resolution with the Senate version folded the House TPA bill into a larger, comprehensive trade bill known as the Trade Act of 2002 (H.R. 3009). I consider the first vote on TPA because subsequent votes on the same issue are closely tied to the original vote. The results are robust to either vote.

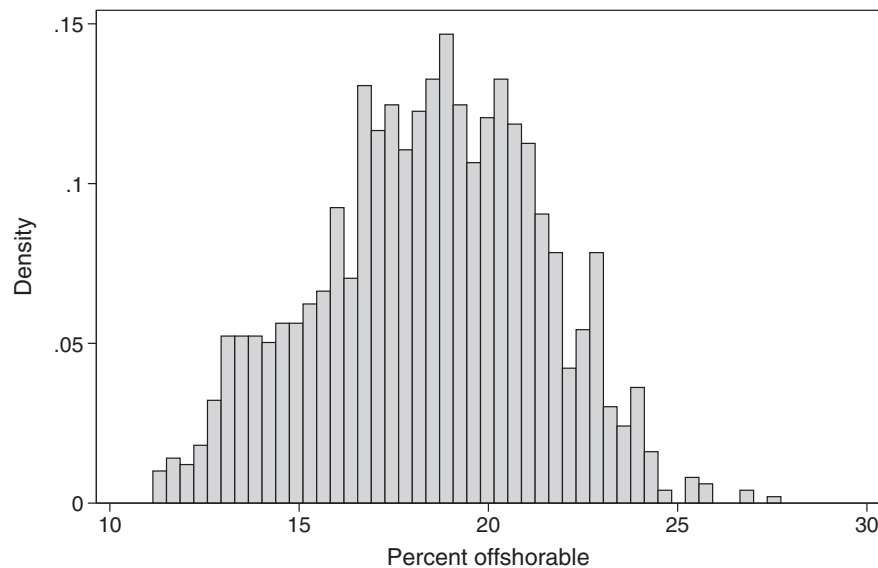


Figure 1. Distribution of the Percent Offshorable in Districts

In addition to offshoring, representatives also raised concerns during all of the debates about the weakness and enforceability of the provisions for labor standards. The debate transcripts provide suggestive evidence that legislators consider diffuse labor interests—particularly vulnerability to offshoring—during the formation of their trade policy positions.

#### *Measuring Labor's Economic Interests*

The main independent variable is share of the labor force vulnerable to offshoring. I measure *Offshorability* as the percent of workers in the congressional district in offshorable occupations. I use occupation data from a 5 percent weighted sample from the 2000 Census. Individuals' occupations are coded according to [Blinder's \(2007, 11\)](#) ranking of offshorability, which defines occupations that cannot be offshored as those that (1) must be performed at a specific domestic location (like a farm) or (2) require face-to-face contact with end-users (like a taxi driver). District offshorability is measured as the sum of workers in offshorable and highly offshorable jobs as a percent of the labor force. I matched workers to congressional districts based on a concordance with public-use microdata areas. Further details on the construction of this measure and other variables are available in the supplementary information, along with maps of the distribution of offshorability across districts. Offshorability ranges from 11.3 percent to 27.8 percent, and has a mean of 18.5 and a standard deviation of 2.9 percent. [Figure 1](#) shows that district offshorability is normally distributed.

As discussed, the factor endowments and sectoral models offer possible alternative/additional measures of diffuse labor interests. First, to account for comparative advantage, as suggested by the factor endowments model, I control for the percent of skilled workers. This is measured as the percent of the population with a college degree. Educational attainment is a common proxy for skill in analyses of voting (see [Bailey 2001](#); [Milner and Tingley 2011](#)). I expect the greater share of constituents who are college educated, the more likely legislators will be to

support FTAs.<sup>37</sup> *Percent college* has a mean of 21.1 percent and a standard deviation of 11.6 percent. Data on educational attainment were collected from the National Historic Geographical Information System (NHGIS).<sup>38</sup> One common alternative measure of skill in the survey literature—based on average occupation wage ([Mansfield, Mutz, and Silver 2014](#))—is not an appropriate measure for this analysis because I distinguish between skill, an endowment of an individual (and not specific to an occupation), and occupation characteristics like offshorability, which are specific to a particular job.

Second, as suggested by sectoral models, I control for industry cleavages. The primary measures of industry interests are the shares of employment in export-oriented and import-competing manufacturing industries.<sup>39</sup> As the share of employment in export-oriented (import-competing) industries increases, I expect legislators will be more likely to support (oppose) free trade according to sectoral models. I define those industries with a positive trade balance as export-oriented and those with a negative trade balance as import-competing.<sup>40</sup> I calculate data on employment across industries at the district level using the 2000, 2002, and 2004 County Business Patterns. The shares of employment in import-competing and export-oriented industries are logged to account for skewness. I consider additional measures of industry interests in robustness checks presented in the supplementary information.

In addition to being conceptually distinct from skill and industry, offshorability differs from these two concepts in the data. In particular, note that offshorability is only moderately correlated with skill and industry cleavages: offshorability is positively correlated with district skill level ( $\rho = 0.35$ ), log of employment shares in import-competing ( $\rho = 0.34$ ), and export-oriented manufacturing industries ( $\rho = 0.20$ ). A correlation scatter plot for the

<sup>37</sup>A college education may also shape attitudes to trade for non-material reasons, as suggested by [Hainmueller and Hiscox \(2006\)](#) and [Mansfield and Mutz \(2009\)](#). A positive coefficient would be consistent with both the material and ideational views of the impact of educational attainment.

<sup>38</sup>See [Minnesota Population Center \(2011\)](#).

<sup>39</sup>Data on trade in services are extremely limited ([Jensen 2011](#)).

<sup>40</sup>Data available from [Schott \(2008\)](#).

Table 2. Analysis of votes on free trade

	1	2	3	4	5
	FTAs+TPA		No TPA	All bills	% Free trade
% Offshorable	-0.069*** (0.021)	-0.083*** (0.023)	-0.077*** (0.024)	-0.045*** (0.010)	-0.795*** (0.249)
% College	0.038*** (0.007)	0.034*** (0.008)	0.037*** (0.008)	0.034*** (0.005)	0.565*** (0.101)
Log share employment in exports	-0.091 (0.103)	0.007 (0.114)	-0.110 (0.106)	0.037 (0.052)	1.066 (1.176)
Log share employment in imports	-0.220** (0.110)	-0.321*** (0.122)	-0.181 (0.118)	-0.204*** (0.059)	-3.047** (1.390)
Republican	3.113*** (0.120)	2.477*** (0.188)	2.895*** (0.126)	1.328*** (0.051)	23.248*** (1.222)
Unemployment	-0.089** (0.037)	-0.144*** (0.041)	-0.108*** (0.037)	0.017 (0.021)	0.122 (0.423)
West	0.815*** (0.139)	0.831*** (0.156)	0.763*** (0.148)	0.432*** (0.077)	7.109*** (1.794)
Midwest	0.454*** (0.134)	0.254* (0.149)	0.365** (0.142)	0.413*** (0.073)	6.559*** (1.730)
South	0.813*** (0.133)	0.347** (0.156)	0.773*** (0.139)	0.252*** (0.068)	4.429*** (1.625)
% Past corporate contributions		3.974*** (0.441)			
Log % past labor contributions		-0.018 (0.037)			
108 <sup>th</sup>					4.355 (2.909)
109 <sup>th</sup>					-8.016* (4.585)
Observations	3407	2985	2978	10536	1317
Log likelihood	-1444.0	-1219.8	-1294.5	-5207.3	NA
$\chi^2$	783.1	692.0	650.2	1822.4	NA
BIC	3026.2	2591.7	2716.9	10729.5	11750.5
% Correctly predicted	82.4	83.3	81.7	74.3	NA

Models 1–4 are logit regressions with vote fixed effects suppressed. Model 5 is an OLS regression. Robust standard errors in parentheses. \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

measures of labor interests and the full correlation matrix, as well as additional summary statistics, are provided in the supplementary files.

### Analysis of Roll Call Votes

To test Hypothesis 1, I examine roll call votes pertaining to FTAs in the 107–109th House of Representatives. The dependent variable is coded one for those representatives who voted in favor of the agreement and zero for those who voted against.<sup>41</sup> I estimate panel logistic regression models, pooling votes across Congresses (see Broz 2011; Milner and Tingley 2011; Nollen and Quinn 1994). In addition to the measures of labor interests, I include a dummy variable for members of the Republican Party, who I expect to be more likely to vote in favor of free trade. I include the level of unemployment and expect that higher levels of unemployment will reduce the likelihood that a legislator votes in favor of free trade (Mansfield and Busch 1995). I also include dummy variables for region (Nollen and Quinn 1994), as well as fixed effects for each vote. I estimate logistic regression with robust standard errors to account for heterogeneity across representatives.

### Main Results

The results, presented in Table 2, support the hypothesis that when a greater share of constituents is vulnerable to

offshoring, legislators are more likely to vote against trade liberalization. In Model 1, the coefficient on offshorability is negative and statistically significant, as hypothesized. A 1 percent increase in vulnerability to offshoring reduces the odds of voting in favor of free trade by 6.7 percent.<sup>42</sup>

The results also support the predictions of factor endowments theory: the coefficient on percent college is positive and statistically significant. A 1 percent increase in the share of constituents with a college education increases the odds of voting in favor by approximately 3.9 percent.<sup>43</sup> The results also suggest that district industry exposure to import competition shapes legislators' votes on FTAs. A 1 percent increase in the share of workers employed in import-competing manufacturing industries reduces the odds of voting in favor of free trade by approximately 2.0 percent.<sup>44</sup> These results suggest that the effect of offshorability is both statistically and substantively significant.

Moreover, the inclusion of district offshorability improves the explanatory power of the model over a model that excludes offshorability. To demonstrate, I present an analysis of nested and non-nested models in Figure 2 in the appendix. The findings suggest that offshorability contributes to our ability to understand the political economy of free trade.

In terms of control variables, the coefficient on Republican is positive and statistically significant, suggesting

<sup>42</sup>95% confidence interval: [-0.105, -0.028].

<sup>43</sup>95% confidence interval: [0.024, 0.054].

<sup>44</sup>95% confidence interval: [-0.035, -0.0003].

<sup>41</sup>Data on votes were collected from Poole and Rosenthal (1997).



that Republicans are more likely to vote in favor of free trade than Democrats (and Independents). The coefficient on district unemployment is negative and statistically significant; when there is a higher level of unemployment, legislators are less likely to vote in favor of free trade. Representatives from the Midwest, South, and West are more likely to vote in favor of free trade than are those representatives from the Northeast. Overall, the model correctly predicts 82.4 percent of votes by legislators, and offers a proportional reduction of error of 30.0 percent over the naive model.

Campaign contributions are also an important determinant of legislators' votes on trade (see Magee 2010; Milner and Tingley 2011; Nollen and Quinn 1994). Because campaign contributions are endogenous to votes (see Feinberg, Husted, and Reynolds 2011; Fordham and McKeown 2003; Magee 2010), I use the percent of legislators' campaign contributions received from corporate and labor PACs during the previous session of Congress.<sup>45</sup> Labor contributions are logged to account for skewness, while corporate contributions are normally distributed. Lagging contributions one period eliminates concerns of endogeneity between votes and contributions. However, this reduces the number of observations from 3,407 to 2,985. The results are presented in Model 2 of Table 2. The coefficient on logged labor contributions is not statistically different from zero,<sup>46</sup> while the coefficient on corporate campaign contributions is negative and statistically significant. The results for offshorability remain robust: the coefficient is positive and statistically significant from zero. A 1 percent increase in offshorability reduces the odds of voting in favor of free trade by 7.9 percent.<sup>47</sup>

#### Robustness

I perform a number of checks to demonstrate that the results are robust. First, I examine whether the results are robust to the exclusion of the vote on TPA, in case decisions to vote on TPA are somehow unique from votes on FTA implementation bills. These results are presented in Model 3 of Table 2. The coefficient on offshorability remains negative and statistically significant.<sup>48</sup> Because the FTAs under consideration in this paper also include investment and other provisions, I examine whether offshorability reduces support for free trade more generally. Thus, in Model 4 of Table 2, I estimate a panel logistic regression for votes on all 24 trade bills considered by the 107th–109th Congresses.<sup>49</sup> The coefficient on offshorability is again negative and statistically significant, though smaller in magnitude. Finally, in Model 5, I examine the impact of offshorability on representatives' support for free trade, measured as the percent of votes in favor of free trade in a given Congress (based on the trade bills identified in the previous model). Thus, higher values on the dependent variable indicate greater support for free trade. As in previous models, the coefficient on offshorability is negative and statistically significant. A 1 percent increase in offshorability leads to a 0.80 percent reduction

in the votes in favor of free trade. Additional robustness checks are presented in the supplementary files, including model specifications that examine offshorability and task routineness, and whether the effect of offshorability is conditional upon partisanship and unemployment. I also consider alternative measures of industry trade interests, as well as employment in manufacturing and agriculture. The effect of offshorability remains negative and statistically significant in all cases. The findings support those reported here, namely that in roll call voting, a higher level of district offshorability leads legislators to take a more protectionist position on trade liberalization.

#### Additional Empirical Implications

In this section, I describe two additional steps taken to examine the validity of the results. First, one implication of this argument is that offshorability should not determine legislators' votes in earlier periods when information and communication technology were less advanced and less readily available. Thus, in the supplementary files, I examine the impact of offshorability on votes on NAFTA, the Uruguay Round, and GATT during the 103rd Congress (1993–1994). As expected, I find that offshorability does not have an effect on legislators' support for free trade during this period.

Second, one of the underlying premises of the paper is that losers from offshoring will be more politically salient than winners. As a means of testing this claim, I seek to measure the expected winners and losers from offshoring in the district separately.<sup>50</sup> I draw on the argument of Walter (2017), who suggests that high-skill workers in offshorable occupations benefit from trade, while low-skill workers in offshorable occupations are harmed by trade (see also Rommel and Walter 2016). If losers are more salient than winners, an increase in the share of the constituency who are both low skill (less than a college degree) and in offshorable occupations will reduce legislators' support for free trade.

To test this, I include the percent of workers in offshorable occupations with a college degree or higher and the percent in offshorable jobs with less than a college degree. I continue to control for the overall district factor endowments by including the percent of the district with a degree. Thus, these results examine whether there are differences in the impact of offshorability on legislators' votes by skill level.<sup>51</sup> The results are presented in Model 1 of Table 3. I find that the coefficient on low-skill offshorability is negative and statistically significant in Model 1. This indicates that higher levels of vulnerability to offshoring among low-skill constituents reduce the likelihood that a legislator votes in favor of free trade. A 1 percent increase in vulnerability to offshoring in low-skill workers reduces the odds of voting in favor of free trade by 12.3 percent. The coefficient on high-skill offshorability, however, is not statistically different from zero. However, the coefficient on overall skill remains positive and statistically significant, as expected by the factor endowments model. These findings further support the underlying argument, which is that losers from trade are politically more important than winners from trade. In the supplementary files, I

<sup>45</sup>Data on PAC contributions were made available by Milner and Tingley (2011).

<sup>46</sup>The coefficient is negative and statistically significant when the measure is not logged.

<sup>47</sup>95% confidence interval: [-0.119, -0.037].

<sup>48</sup>In the supplementary files, I present results for the analysis of individual votes. The coefficient on offshorability is negative and statistically significant in six of eight votes.

<sup>49</sup>I thank an anonymous reviewer for this suggestion. A full list of roll call votes is provided in the supplementary files.

<sup>50</sup>Because this paper focuses on offshorability as a source of protectionist sentiment in the aggregate, I do not take a position on the determinants of the winners and losers from offshoring at the individual level. Instead, I examine one proposed division here and one in the supplementary files.

<sup>51</sup>In the supplementary files, I examine whether there are differences within skill groups by offshorability and find that there are, suggesting that the offshoring model produces new insights over Heckscher-Ohlin.

examine a different measure of winners and losers from offshoring based on task routineness, as suggested by Owen and Johnston (Forthcoming), which also suggests that losses from offshoring are more politically salient to legislators.

### Position-Taking During Floor Debates

In this section, I examine the amount of attention devoted to labor during floor debates on FTAs in the House based on the content of speeches during debates.<sup>52</sup> I use dictionary-based content analysis to analyze whether attention to the costs of trade for workers in representatives' speeches during floor debates on FTAs varies according to the level of offshorability among constituents, as suggested by Hypothesis 2. Content analysis is based on the idea that certain topics are discussed using a certain set of words (Quinn et al. 2010). Given limited time and opportunity to speak on the floor, time allocated to discussing the costs of trade for workers is a good measure of the priority placed on labor interests.<sup>53</sup>

I measure the relative frequency of labor keywords as an indicator of the importance placed on labor interests by each speaker. I create the dictionary category "labor," which includes the following terms: workers, jobs, offshor\*, outsourc\*, white-collar, "exporting jobs," and "shipping jobs." The asterisk captures variations of the stem words. I perform pre-processing of the text in R,<sup>54</sup> and content analysis is performed using Yoshikoder (Lowe 2011). I selected these keywords to capture attention to the link between trade liberalization, offshoring, and the costs for workers.

Although dictionary-based automated content analysis is difficult to validate (Grimmer and Stewart 2013), I created the above dictionary specifically for the topic of interest, based on a close reading of the full corpus of debate transcripts. Furthermore, I examined the keyword in context for each of the dictionary words to ensure that these words are used to discuss the impact of trade on workers as expected.<sup>55</sup> This alleviates concerns that the dictionary may not be appropriate for the question of interest.

The dependent variable, *Rate of labor speech*, is equal to the number of labor keywords used as a percent of the total number of words spoken during the debate. As in the above analysis, I pool debates and include fixed effects for each vote. The total number of speeches across the eight votes is 401. The rate of labor speech ranges from zero to 8.80 percent (with a mean of 1.50 percent and standard deviation of 1.65). I log the rate of labor speech to account for skewness. A difference of means test shows that the rate of labor speech during debate is greater among representatives who voted against an agreement than among those voting in favor of the agreement; this suggests that the measure captures a dimension of anti-trade sentiment in addition to attention to trade costs for labor.

House floor debates are governed by special rules restricting the time for debate. Debates were limited to two hours for debates on FTA implementation, and debate on TPA was limited to one hour. Each party is allocated a certain

**Table 3.** Logit regression of free trade on offshorability by skill level

	<i>t</i>
% Offshorable, low skill	-0.112*** (0.033)
% Offshorable, high skill	-0.025 (0.029)
% College	0.022** (0.011)
Log share employment in exports	-0.036 (0.106)
Log share employment in imports	-0.116 (0.125)
Republican	3.143*** (0.120)
Unemployment	-0.097*** (0.037)
West	0.834*** (0.139)
Midwest	0.482*** (0.136)
South	0.844*** (0.133)
Observations	3407
Log likelihood	-1442.5
$\chi^2$	799.9
BIC	3031.3
% Correctly predicted	82.3

Robust standard errors in parentheses. Vote fixed effects suppressed.

\* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

amount of time that is controlled by the parties' managers of the bill (typically members of the committees with jurisdiction over the bill). The rules restrict the number of speakers, and as a result, the sample of speakers is not random. Thus, the rate of labor speech is censored. I therefore estimate a Heckman selection model of labor speech, conditional on the decision to speak during the debate.

One challenge of selection models is that it is often difficult to find determinants of selection that do not also influence the outcome of interest. However, there is a substantial literature in American politics devoted to the study of who speaks in Congress. I build on the model of Pearson and Dancey (2011), who identify a number of institutional and representative demographic characteristics that influence who speaks. I include dummy variables for Republican Party membership, leadership positions on relevant committees, and party leadership positions. Those in leadership positions are more likely to speak. To account for motivation to speak and the interest of bill managers to represent different views, I include the absolute value of the deviation of the ADA score from the mean as a measure of ideological extremity.<sup>56</sup> Finally, I include individual dummy variables for female, black, and Hispanic representatives, who are less likely to speak during floor debate.

The results for the selection equation are presented in Table 5 in the appendix. Representatives are coded as one if they spoke during the debate on the implementing legislation of a particular bill. In the whole sample, there are 401 uncensored observations and 2,756 censored observations.<sup>57</sup> Republicans are less likely to speak than are Democrats. Committee leaders and party leaders are more

<sup>56</sup>The Americans for Democratic Action score, based on 20 key roll call votes, is an alternative measure of ideology from DW-NOMINATE.

<sup>57</sup>I code representatives as eligible to speak during debate if the representative voted on the bill. Thus, observations are censored if the representative voted on the bill but did not speak.

<sup>52</sup>Data were collected from Gentzkow and Shapiro (2015).

<sup>53</sup>See Grimmer (2013, 628), who suggests that the proportion of press releases allocated to different topics indicates legislators' expressed priorities.

<sup>54</sup>This includes the removal of punctuation and stopwords, as well as word stemming.

<sup>55</sup>This dictionary is conservative in terms of precision because it does not include words like "protections," "rights," or "standards" that were also important components of the debates, but which do not exclusively refer to labor. I do not include immigration-related words that may tap a different underlying issue.

likely to speak than non-committee and non-party leaders. The selection model fits the data well, correctly predicting 88.7 percent of all observations, which is a small improvement over the naive prediction.

Table 4 presents the results for the outcome of interest. In the outcome equation, the key independent variables are the measures of labor interests described above. I also include a dummy variable for members of the Republican Party, which I expect has a negative effect on labor-related speech. I also include regional controls (for which the Northeast is the reference category) and vote fixed effects. As I demonstrate, the results of the analysis of labor speech are similar regardless of whether selection is modeled or not.

In Model 1 of Table 4, the coefficient on offshorability is positive and statistically significant, suggesting that as constituency exposure to offshoring increases, the use of labor keywords also increases. A 1 percent increase in offshorability increases the rate of labor speech by 33.6 percent.<sup>58</sup> These findings provide support for Hypothesis 2. The coefficient on the level of education is negative and statistically significant, suggesting that legislators from districts with a greater share of skilled labor pay less attention to the costs of trade for labor in speeches. The coefficient on Republican partisanship is not statistically significant. The coefficients on industry interests (the shares employed in import-competing and export-oriented manufacturing industries) are not statistically significant.

Finally, I present the results of a simple regression analysis of the rate of labor words in Model 2 of Table 4 to demonstrate that the findings are not dependent upon the specification of the selection model.<sup>59</sup> As in the previous analyses, the coefficient on offshorability is positive and statistically significant, as suggested by Hypothesis 2.

### Conclusion

Offshoring is an important aspect of international trade and one that entails new distributional consequences for labor. Vulnerability to offshoring is not simply a proxy for skill level or industry, and offshoring in services exposes a new category of workers to international competition. In the aggregate, offshorability generates a new source of protectionist labor preferences. As a result, legislators are less likely to support trade liberalization when their constituents face greater vulnerability to offshoring.

I tested this argument in the context of debates and roll call votes on eight major trade bills in the US House of Representatives between 2001 and 2006. I found that members of Congress from districts with a larger share of constituents vulnerable to offshoring are: (1) more likely to discuss labor concerns during speeches, and (2) less likely to vote in favor of FTAs. I also find support for alternative theories of labor's interests with respect to trade. In particular, a greater share of constituents with a college degree increases legislator support for free trade, while a greater share employed in import-competing manufacturing industries reduces support for free trade. Although I only studied the United States, I expect that these dynamics operate in other developed countries, especially other English-speaking countries that face growing competition from India (Blinder 2009). Further research should examine the extent to which occupation characteristics—like vulnerability to offshoring—shape policy and political

Table 4. Regression analysis of labor speech

	1	2
% Offshorable	0.237*** (0.073)	0.238*** (0.075)
% College	-0.077*** (0.029)	-0.077*** (0.030)
Republican	-0.738 (0.473)	-0.775* (0.454)
Log share employment in exports	-0.485 (0.385)	-0.480 (0.391)
Log share employment in imports	-0.314 (0.435)	-0.333 (0.432)
Unemployment	-0.011 (0.108)	-0.012 (0.111)
Midwest	1.755** (0.686)	1.771** (0.696)
West	0.572 (0.672)	0.575 (0.687)
South	0.911 (0.684)	0.902 (0.697)
Constant	-5.369*** (1.743)	-5.528*** (1.693)
Observations	3156	403
Log likelihood	-2239.8	-1129.6
BIC	4713.3	2361.3

Model 1 estimated with selection model. Robust standard errors in parentheses. \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

outcomes in other countries (see for instance Owen and Johnston Forthcoming; Rommel and Walter 2016; Walter 2017).

My argument speaks to broader concerns about the political economy of globalization. It highlights an overlooked dimension to the welfare consequences of trade for workers. My findings suggest that vulnerability to offshoring may also affect votes designed to help workers facing adjustment costs from trade and offshoring—such as in the form of Trade Adjustment Assistance (TAA) and other compensation policies (Rickard 2015; see also Walter 2010, 2017). In the US context, the results suggest that current TAA will prove insufficient for compensating the losers from trade, because eligibility for benefits is limited to those whose jobs are explicitly offshored. In other words, TAA does not help those jobs that might have otherwise been created in the United States if not for fragmented production; thus, TAA does not help those in occupations vulnerable to offshoring. Furthermore, policies designed to target sectors or even firms may miss important segments of the workforce hurt by globalization (Baldwin 2006).

In an international system that constrains protection (Oatley 2011), scholars of international political economy must reconsider how redistributive policies can better compensate losers from globalization if they want to help secure continued support for openness. Without additional and reformed redistribution, as suggested by Scheve and Slaughter (2007), we are beginning to see increasingly protectionist backlash against globalization in a number of advanced economies.<sup>60</sup> The election of Donald Trump constitutes one of the more prominent examples of this. Outspoken on the issues of trade agreements and

<sup>58</sup>Calculated as  $d.290$ .

<sup>59</sup>Additionally, a Wald test is unable to reject the null hypothesis of independence between the outcome and selection equations, perhaps because it is difficult to improve upon the modal prediction of the decision to speak.

<sup>60</sup>Preferences toward trade also depend on the level of welfare spending in the domestic country (Schaffer and Spilker 2016). Moreover, in order to successfully attenuate protectionist sentiment, compensation policy must consider domestic institutions and the geographic distribution of interests (Menendez 2016; Rickard 2012).

companies that offshore, President Trump moved in the first days of his administration to withdraw from the TPP and vowed to renegotiate NAFTA. He appears to have the support of congressional Republicans, despite their traditionally pro-free-trade positions.

These arguments have additional implications for the nature of political and economic organization of labor interests and the potential influence of these interests. This paper focuses on the role of diffuse labor interests. But as the scope of offshoring increases over time, and as fragmented production increases, we should see increased lobbying activity by occupation-based special interest groups. Fragmented production may not only change the cleavages that form among workers, but may also increase the costs of organizing for labor. The spread of workers with shared interests across firms and industries may make coordination more difficult (Busch and Reinhardt 2000). In combination with mobile capital, this may reduce the political and economic bargaining power of labor. Along these lines, some scholars examine both the ways in which globalization hurts the bargaining power of unions over wages (Dumont, Rayp, and Willeme 2006) and the political effectiveness of organized labor interests. In particular, heterogeneity of interests among union members will reduce the ability of labor unions to advocate a single policy position (Owen 2015b). Governments must pay attention to this downward pressure on the influence of labor relative to capital; representation of labor interests is another key factor in avoiding backlash in the form of economic populism or isolationism, as in the case of Brexit or the election of Donald Trump.

### Supplementary Information

Supplementary Information is available at [www.ericawowen.com](http://www.ericawowen.com) and the *International Studies Quarterly* data archive.

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## Appendix

Figure 2 presents BIC scores, where smaller values on the BIC indicate greater explanatory power. In Figure 2, "factor" refers to percent college, "industry" refers to employment shares in exporting and import-competing manufacturing industries, and "offshoring" refers to the percent of the district in offshorable occupations. The "full" model includes factor, industry and offshoring variables (as specified in models above).

**Table 5.** Selection model of decision to speak

	<i>I</i>
Republican	−0.405*** (0.064)
Committee leader	1.224*** (0.154)
Party leader	0.402* (0.206)
ADA ideological extremism	0.003 (0.003)
Female	0.122 (0.084)
Black	−0.140 (0.106)
Hispanic	−0.167 (0.140)
108 <sup>th</sup>	−0.675*** (0.081)
109 <sup>th</sup>	−0.623*** (0.083)
Constant	−0.608*** (0.139)
$\rho$	−0.038 (0.191)
$\ln(\sigma)$	1.385*** (0.030)

First-stage selection model for Model 1 in Table 4. Robust standard errors in parentheses. \* $p < 0.1$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ .

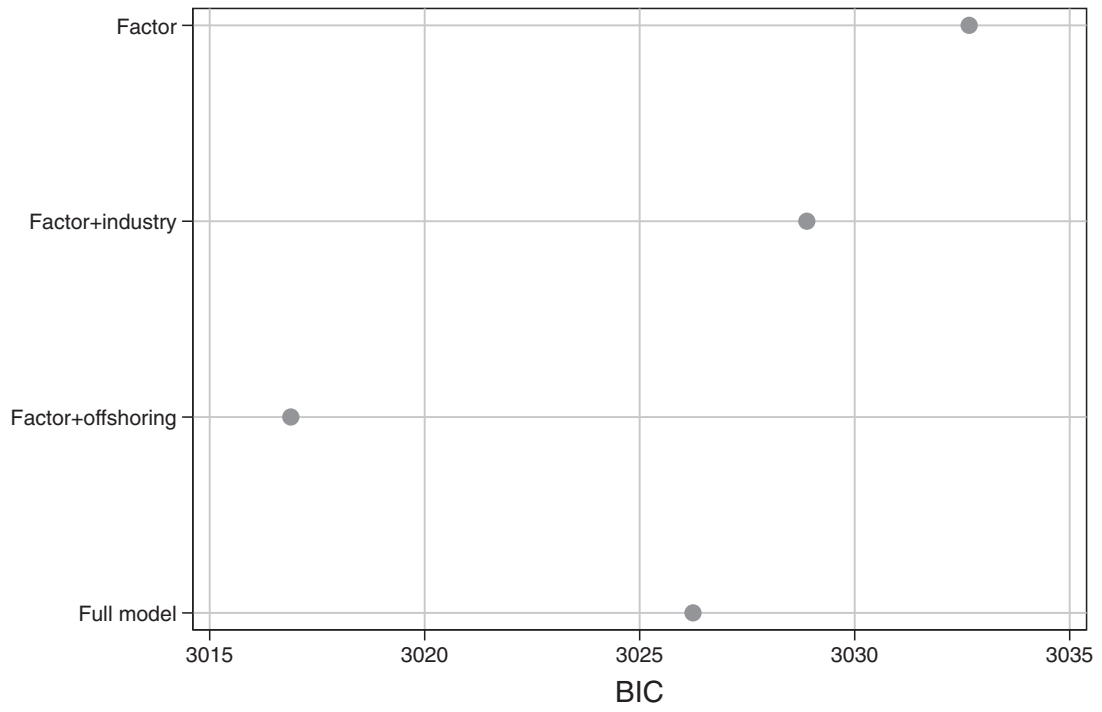


Figure 2. BIC for different model specifications