

The Free Trade Movement and the New Deal: Reassessing the Role of Interest Groups in Securing Policy Change

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Abstract: This paper examines the mobilization of a supportive interest group coalition during the 1930s as a way to buttress support for the Reciprocal Trade Agreements Act. I show how State Department officials reached out to local business groups and encouraged the formation of national associations to help fend off criticism from protectionist opponents. I hypothesize that a venue shift and the development of effective lobbying capacities helped secure the long-term durability of the RTAA framework.

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Introduction

One of the signature debates of the pluralist era of political science commenced with the publication of Bauer, Pool, and Dexter's *American Business and Public Policy: The Politics of Foreign Trade*.¹ In their study of trade policy during the Eisenhower administration, Bauer, Pool, and Dexter confronted the then-dominant pluralist paradigm of economic interest representation, particularly E.E. Schattschneider's account of the passage of the 1930 Smoot-Hawley tariff, that saw narrow, highly articulated economic interests dominating other forms of association in the political process.² Unlike Schattschneider, who found economic lobbies ubiquitous and the structure of policy making salutary for their advocacy efforts, Bauer and his colleagues found economic interests hopelessly divided in their positions on trade policy and their representative associations to be little more than "service bureaus" communicating messages with like-minded officials. The profound differences in the observations of Schattschneider and Bauer, Pool, and Dexter led Theodore Lowi to observe that theories of interest group politics had lagged behind empirical study and that differences in observed interest group behavior were actually the result of changes in the distribution of costs and benefits of trade policy between 1930 and the 1950s.³ Whereas the Smoot-Hawley tariff had been characterized by Congressional logrolling, what Lowi termed a distributive policy, trade policy in the 1950s occurred within what Lowi called a regulatory environment. Differences in the

¹ Raymond Bauer, I Pool, L Dexter, *American Business and Public Policy: The Politics of Foreign Trade* (Chicago: Aldine, 1963).

² E.E. Schattschneider, *Politics, Pressures, and the Tariff* (New York: Prentice-Hall, 1935).

³ Theodore Lowi, "American Business, Public Policy, Case Studies, and Political Theory," *World Politics* (July 1964).

structure of the policymaking environment changed the behaviors of participants within that environment – or, as Lowi put it, new policies created new politics.

This debate has animated more than a few studies of interest groups and spurred considerable interest in the development of U.S. trade policy during the New Deal.⁴ Specifically, trade scholars have focused on the 1934 Reciprocal Trade Agreements Act (RTAA) as the pivotal policy development that inaugurated a new era of trade politics. The RTAA explicitly vested authority with the President to negotiate tariff reductions with foreign nations without requiring Congressional approval. By the time of the Eisenhower administration, Roosevelt and Truman had negotiated lower tariffs on an extensive range of products, had committed the United States to participation in the General Agreement on Tariffs and Trade, and had presided over a transformation of the world economy that saw the United States become the dominant economic actor. In this respect, it is no small wonder that the politics of trade had changed by the 1950s.

Still, as Eric Patashnik has argued, sustaining reforms such as the RTAA is difficult without institutional reconfiguration and mobilization of supportive political organizations intent on sustaining reform measures.⁵ Trade scholars have emphasized the shift in policy authority from Congress to the Executive; less noted was the more subtle effort to empower the nascent free trade movement on the part of the Roosevelt Administration. No less important than the initial institutional shift in authority, the free trade movement provided key moral and political support for lower trade barriers as protectionists sought to retrench the free trade regime.

⁴ Ehrlich, Sean J. “The Tariff and the Lobbyist: Political Institutions, Interest Group Politics, and U.S. Trade Policy,” *International Studies Quarterly*, 52 (2008): 427-445; Haggard, Stephen, “The Institutional Foundations of Hegemony: Explaining the Reciprocal Trade Agreements Act of 1934” *International Organization* (Spring 1988); Hiscox, Michael, “The Magic Bullet? The RTAA, Institutional Reform, and Trade Liberalization,” *International Organization* (Winter 1999); Irwin, Douglas and RS Kroszner, “Interests, Institutions, and Ideology in Securing Policy Change: The Republican Conversion to Trade Liberalization After Smoot-Hawley” *Journal of Law and Economics* (October 1999); Schnietz, Karen, “The Institutional Foundation of U.S. Trade Policy” *Journal of Policy History* (Winter 2000).

⁵ Eric Patashnik, “After the Public Interest Prevails: The Political Sustainability of Policy Reform” *Governance* 16, 2 (April 2003): 203-234.

Trade politics during the New Deal encapsulates the rich interplay between political and economic interests that has long animated debates about state autonomy and institutional development among political scientists and historians.⁶ In recent years, institutionally based accounts of political development have ceded ground to research that explicitly examines organized interests as important developmental actors in their own right.⁷ This paper follows in that effort by recasting the development of trade policy during the New Deal as an episode of *interest group realignment*, in which a durable coalition of policy supporters secures a lasting advantage over a rival advocacy coalition. In this case, the free trade movement parlayed the shift in institutional authority occasioned by the enactment of the RTAA into an alliance with sympathetic political officials that managed, for the most part, to keep rival protectionists at bay even after partisan control of the White House and Congress changed hands.

The Tariff

Beginning with the Hamilton Tariff of 1789, trade policy was the most consistently durable issue dividing American political parties until the 1950s.⁸ However, a fundamental shift occurred during the New Deal, which saw the raw partisanship of earlier generations displaced by new institutional and ideological foundations for trade policy. Institutionally, the RTAA shifted control over tariff rates from Congress to the executive branch, relegating Congress to a mostly advisory role and empowering the President to enter into trade negotiations with foreign governments that could potentially reduce U.S. tariff rates by as much as 50%. Ideologically, the

⁶ See Ian Shapiro, Stephen Skowronek, and Daniel Galvin, *Rethinking Political Institutions* (New York: NYU Press, 2006).

⁷ Cathie Jo Martin, *Stuck in Neutral: Business and the Politics of Human Capital Investment Policy* (Princeton: Princeton University Press, 1999); Elisabeth S. Clemens, *The People's Lobby: Organizational Innovation and the Rise of Interest Group Politics in the United States, 1890-1925* (Chicago: University of Chicago Press, 1997).

⁸ Alfred Eckes, *Opening America's Market: U.S. Foreign Trade Policy since 1776* (Chapel Hill: University of North Carolina Press, 1995)

RTAA reflected a new era of liberal internationalism in which lower tariff rates would foster international cooperation abroad and reduce the cost of consumer items at home.⁹

From a historical perspective, the RTAA represents an astounding institutional shift in one of the fundamental components of U.S. economic policy.¹⁰ Setting tariff rates had long been a key power of Congress and the size of the tariff tended to fluctuate in conjunction with partisan control. Republicans, who generally represented manufacturing-oriented districts, would raise tariff rates upon assuming control of Congress while Democrats, hailing predominantly from the South, would lower rates in an effort to boost agricultural exports to Europe and elsewhere.¹¹ By removing from Congress the power to promote the economic interests of local constituencies, the RTAA threatened what had been seen as one of the fundamental obligations of Congressional representation. Of course, this shift in authority constitutes somewhat of a puzzle. Why did Congress suddenly forswear its authority? Was there a collective recognition that the disaster of Smoot-Hawley promised to be relived if institutional pressures for logrolling were not relieved?¹² Did the crisis of the Great Depression give Roosevelt such leverage that an acquiescent Congress simply submitted to the power grab?¹³

The nearly party-line vote on the RTAA in 1934 suggests that its passage actually resembled previous tariff legislation as much as it broke from past precedent.¹⁴ Compared to the 1930 Smoot-Hawley Tariff, the RTAA saw six fewer defections in the Senate and 28 fewer defections

⁹ Robert Pastor, *Congress and the Politics of U.S. Foreign Economic Policy, 1929-76* (Berkeley: University of California Press, 1980); I.M. Destler, *American Trade Politics*, 4th ed. (Washington, D.C.: Institute for International Economics, 2005)

¹⁰ Cynthia Hody, *The Politics of Trade: American Political Development and Foreign Economic Policy* (Hanover, NH: University Press of New England, 1996)

¹¹ Joanne Reitano, *The Tariff Question in the Gilded Age: The Great Debate of 1888* (State College, PA: Pennsylvania State University Press, 1994)

¹² Sharyn O'Halloran, *Politics, Process, and American Trade Policy* (Ann Arbor: University of Michigan Press, 1994)

¹³ Stephan Haggard, "The Institutional Foundations of Hegemony: Explaining the Reciprocal Trade Agreements Act of 1934" *International Organization* Vol. 42, No. 1 (Spring 1988), p. 91-119.

¹⁴ Karen Schnietz, "The Institutional Foundation of U.S. Trade Policy" *Journal of Policy History* Vol. 12, No. 4 (Winter 2000), p. 417-444.

in the House of Representatives, a number comparable to the 1922 Fordney-McCumber tariff. Party line voting continued for the 1937 and 1940 reauthorizations of the RTAA; only after World War II had begun did significant defections occur on either side of the aisle.¹⁵

If partisanship explains the initial passage of the RTAA, how do we explain how the policy's durability? Significantly, how do we explain Republican conversion to support for the RTAA and, given what we know about the behavior of organized interests, how do we explain how the RTAA, with its diffuse benefits and concentrated costs, overcame opposition from protectionist opponents? There are three major sets of explanations for the long-term durability of the RTAA. First, as Lowi noted, the RTAA changed the mechanism by which trade policy allocated benefits.¹⁶ Prior to 1934, when Congress maintained control over tariff rates, trade policy was broadly distributive, which provided incentives for impacted industries and their allies in Congress to engage in logrolling activity. In order for tariff rates to be raised on one good, members had to promise to support higher rates on other goods as well. Once trade policy fell into the hands of the executive, Lowi argues, distributive politics were substituted for regulatory politics. In a regulatory context, tariff supporters and foes are pitted against each other on a relatively equal basis. Consequently, it is far easier to avoid the type of logrolling behavior that gave rise to policies like the Smoot-Hawley tariff.

A second explanation for the durability of the RTAA rests on changing macroeconomic conditions in the 1940s and 1950s. If the partisan underpinnings of previous eras were grounded

¹⁵ Party line votes hide other evidence that party cohesion remained strong on the tariff issue through the beginning of World War II. As early as 1936, the *Economist* was reporting that traditional party differences on the tariff had broken down, with Southern Democrats and Northeastern Republicans defecting from their traditional party positions. See, "Tariffs and Parties," *The Economist*, October 13, 1936.

¹⁶ Theodore Lowi, "American Business, Public Policy, Case Studies, and Political Theory" *World Politics* Vol. 26 (July 1964), p. 677-715.

in sectional economic differences,¹⁷ post-war manufacturing growth in the South and greater export capacity in Republican congressional districts caused members of Congress to rethink their positions on trade. Some Democrats grew less supportive of lower tariffs, while some Republicans began to support the reauthorization of the RTAA.¹⁸ For example, when the RTAA was reauthorized in 1954, the vote was 88-5 in the Senate and 289-62 in the House of Representatives, with majorities of both parties supporting the legislation. According to this thesis, economic demands on members of Congress changed patterns of support for trade policy.

A third explanation for the shift towards free trade suggests that ideological commitments manifested themselves in the design of new institutions causing subsequent trade debates to favor expansion of trade partnerships at the expense of protectionist interests. Cordell Hull's liberal internationalism found institutional expression in the RTAA, and for as long as the debate over the tariff rested on ideological arguments, the protectionists lost.¹⁹ Ideology took center stage in the 1930s when the crisis of the Great Depression, along with the perception that the Smoot-Hawley tariff of 1930 exacerbated the effects of the Depression, allowed entrepreneurial policymakers like Hull to redefine the issue. In conjunction with the institutional shift in authority to the executive, the ideology of liberal internationalism became embedded in key national and international institutions through the post-war era.

While these explanations of the durability of the RTAA are compelling in their own right, none of them explicitly considers the importance of the mobilization of a heterogeneous coalition of free trade supporters. For example, Hiscox makes predictions about interest group pressure based on changing macroeconomic conditions in members' districts, but examines no actual

¹⁷ Richard Benschel, *Sectionalism and American Political Development, 1880-1980* (Madison: University of Wisconsin Press, 1984)

¹⁸ Michael Hiscox, *International Trade and Political Conflict: Commerce, Coalitions, and Mobility* (Princeton: Princeton University Press, 2002)

¹⁹ Judith Goldstein, *Ideas, Interests, and American Trade Policy* (Ithaca: Cornell University Press, 1993)

groups. Moreover, no studies have attempted to trace the apparent demise of the legions of interest groups that were central to the expansion of the tariff under Smoot-Hawley (and featured so prominently in Schattschneider's account). Despite Lowi's observation that new policies created new politics, a conceptual framework for explaining changes in the influence of interest groups has yet to be developed.

Path Dependency and the Development of Tariff Policy

The conditions of the Depression and overwhelming Democratic victories in subsequent elections allowed policy entrepreneurs to alter the institutional basis of tariff policy. Under the auspices of a broad policy agenda, Democrats shifted authority over tariff rates from Congress to the President, which resulted in a power-sharing settlement between the two branches. An implicit bargain was struck that allowed the President to negotiate trade agreements as long as domestic industries benefited. If domestic industries suffered, Congress reserved the right to step in with protective legislation. I argue that this fragmented institutional arrangement became durable because it allowed for multi-institutional logrolling to occur. Export-oriented interests gravitated toward executive agencies, hoping that new treaties would open up foreign markets. Import-sensitive industries continued to rely on their long-established contacts in Congress to press for protection when foreign competition proved overwhelming. As long as Congress and the President could simultaneously promote exports and protect against imports, interest group activity would reinforce the institutional settlement.

My argument draws on recent literature that utilizes notions of increasing returns and path dependence to explain political development.²⁰ The basic elements of this approach are derived from the work of economists, who argue that institutional, organizational, and technological

²⁰ For an overview of this literature, see Paul Pierson, *Politics in Time* (2005).

changes can be understood by examining the inefficiency of markets and barriers that transactions costs raise to achieving efficient outcomes.²¹ This research has found subsequent application in political science, sociology, and history, as it provides a strong theoretical foundation for analyzing various forms of political and economic development.²²

There are two related veins of research that are particularly useful for understanding how interest groups helped make the post-1934 institutional settlement of trade policy more durable.²³ The first is the notion of transactions costs associated with asset factor specificity.²⁴ While I use the concept of asset specificity to explain lobbying decisions, this concept is more familiar to trade scholars as a predictor of the effects of trade liberalization on different types of firms and sectors. In general, asset specificity refers to the value that an asset stands to lose when a mutually beneficial transaction is ended. For example, labor is valued as an asset to the extent that it entails a particular skill. When a labor contract is terminated, unskilled labor loses very little of its value. It is easily transferable to a different task. However, skilled labor loses much of its value. The extent to which it loses value is proportionate to the opportunities available to reemploy it. Similarly, industries are described as having varying degrees of asset specificity. Scholars of trade policy have found that in sectors where it is easy to reconfigure assets to adapt to changing economic conditions, firms will generally support liberal trade policies. In sectors

²¹ See, e.g., David (1985), North (1990), Arthur (1994).

²² See e.g., Douglass C. North and Barry R. Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *The Journal of Economic History* 49 (1989): 803-832; James Mahoney, *The Legacies of Liberalism: Path Dependence and Political Regimes in Central America* (Baltimore: Johns Hopkins Press, 1991); Kathleen Thelen, "How Institutions Evolve: Insights from Comparative Historical Analysis" in *Comparative Historical Analysis in the Social Sciences*, James Mahoney, Dietrich Rueschemeyer eds. (New York: Cambridge University Press, 2003).

²³ It is important to note from the start that much of the research from which I draw models firms' economic behavior, not their political behavior. However, I argue that in certain instances the political behavior of firms and interest groups is affected in similar ways as economic behavior and I try to make clear in the ensuing discussion where models of economic activity seem to have direct relevance for understanding political activity.

²⁴ James Alt, Jeffrey Frieden, Michael J. Gilligan, Dani Rodrik and Ronald Rogowski, "The Political Economy of International Trade—Enduring Puzzles and an Agenda for Inquiry." *Comparative Political Studies* Vol. 29 No. 6 (1996): 689–717.

where asset specificity is high – in layman’s terms, where retooling is difficult – liberal trade policies will be opposed.²⁵ Asset specificity has also been used to determine broader social policy preferences. In countries where workers have highly specific skills, demand for certain types of social protections, such as unemployment insurance, health care, and pensions, will be greater than in countries where workers have general, thus more easily transferable, skills.²⁶

In political advocacy, asset specificity is particularly relevant for determining lobbying strategies. Most observers agree that lobbying requires a significant amount of investment in personal relationships – fostering trust, asking favors, and reciprocating when possible.²⁷ As it turns out, most interest groups spend their time and resources lobbying those with whom they have already established a relationship.²⁸ Decisions about whom to lobby reflect the degree to which existing assets can be utilized. For example, sometimes lobbyists will target an unfamiliar member of Congress, but usually only if the group has a substantial presence in their district.²⁹ The time, energy, and resources necessary to build an effective lobbying presence make political advocacy a significant investment. Moreover, once these relationships have been forged, they are not easily rebuilt elsewhere. In other words, the assets of political influence are highly specific and the transaction costs associated with moving them present a substantial hurdle to such an endeavor. We can hypothesize that, in the short run, asset specificity among lobbyists

²⁵ James Alt, Fredrik Carlsen, Per Heum, and Kare Johansen, “Asset Specificity and the Political Behavior of Firms: Lobbying for Subsidies in Norway” *International Organization* Vol 53, No. 1 (Winter 1999): p. 99-116. For similar conclusions, see Michael J. Hiscox, “Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation” *American Political Science Review* Vol. 96, No. 3 (September 2002), p. 593-608.

²⁶ Torben Iversen and David Soskice, “An Asset Theory of Social Preferences” *American Political Science Review*, Vol. 95, No. 4, (December 2001), p. 875-893. It is worth noting that economists typically model asset specificity such that in the long run all assets are transferable. Whether or not this is the case in politics has yet to be determined.

²⁷ See e.g., Rogan Kersh, “Corporate Actors: A View From the Field” in Cigler and Loomis, *Interest Group Politics* (2001).

²⁸ Richard Hall and Frank Wayman, “Buying Time: Moneyed Interests and the Mobilization of Bias in Congressional Committees” *American Political Science Review* Vol. 84 (September 1990), p. 797-820.

²⁹ Marie Hojnacki and David Kimball, “Organized Interests and the Decision of Whom to Lobby in Congress” *American Political Science Review* Vol. 92, No. 4 (December 1998), p. 775-790.

will reinforce existing policy networks and discourage lobbyists from pursuing political advocacy in unfamiliar environments.

Another relevant body of literature emphasizes the importance of venue shopping as political strategy. In a system comprising diverse, open, and overlapping institutions, such as is found in the U.S., petitioners can select from among a variety of potential access points.³⁰ Scholars of venue shopping have emphasized both the short-term strategic nature of venue choice as well as the long-term feedback effects associated with it.³¹ In the short run, venue choice will reflect three factors: the openness or receptivity of the venue, the institutional capacity of the venue to act affirmatively on an issue, and the expected conflict within a venue.³² In the long run, venue choice is characterized by positive feedback. Pralle suggests that interest organizations select a particular venue “because they have embraced a new understanding of the nature of the policy problem. If and when these understandings become embedded within a particular venue, advocacy groups are likely to bypass further opportunities for venue change.”³³ In other words, venue shopping takes on path dependent properties. Once a particular venue has been chosen, it becomes increasingly difficult to select an alternate site for pressing one’s cause.

Taken together, path dependence, asset specificity, and venue shopping provide us with the analytical tools for explaining how liberal trade policy was institutionalized in the years after the passage of the RTAA. If interests are characterized by high asset specificity in their lobbying operations, we should see a reluctance to shift to a new strategy or seek alternative venues. We should also expect interests to seek out sympathetic venues given a reasonable probability that

³⁰ Frank Baumgartner and Bryan Jones, *Agendas and Instability in American Politics*, Chicago: University of Chicago Press, 1993.

³¹ Sarah Pralle, “Venue Shopping, Political Strategy, and Policy Change: The Internationalization of Canadian Forest Advocacy” *Journal of Public Policy* Vol. 23, No. 3 (2003), p. 233-260.

³² A similar argument is made in a slightly different form by Gray and Lowery. Their ESA model predicts the population ecology of different issue niches. Virginia Gray and David Lowery, *The Population Ecology of Interest Representation*, Ann Arbor: University of Michigan, 1996.

³³ Pralle, p. 234.

the venue will have substantive policy influence. Export-oriented interests should gravitate toward sympathetic executive branch agencies and officials, while protectionists would likely try to retain influence within Congress.

Crafting the RTAA

The intervening four years between the enactment of the Smoot-Hawley tariff and the Reciprocal Trade Agreements Act of 1934 were some of the most economically crippling in U.S. history. It would be difficult to overstate the decisiveness of this period for opening the country to the sweeping economic and political changes that accompanied Roosevelt's New Deal. As one such policy that experienced a profound change, tariff reform fits neatly into the New Deal narrative. Like other New Deal policies, tariff reform had roots in Progressive Era attempts to establish effective administrative agencies.³⁴ Although tariff reform was galvanized by the bitter experiences of the depression, the lessons of earlier debates weighed heavily on the particulars of reform proposals.

In considering how to tackle the trade issue, New Deal Democrats had several models from which to choose. The first was legislative. The previous Democratic occupant of the White House, Woodrow Wilson, had almost single-handedly leveraged the Underwood Tariff through a reluctant Congress. The Underwood Tariff significantly lowered tariffs on dutiable goods, from 41% to 26.8%, while at the same time it encouraged the administration to negotiate with foreign governments for reciprocal reductions.³⁵ This unilateral tariff reduction strategy was designed to meet changing international conditions as well as provide greater competition for US trusts, which Wilson had promised to confront. Then, in 1916, Democrats created the Tariff

³⁴ Sidney Milkis and Jerome Mileur, eds. *The New Deal and the Triumph of Liberalism*, University of Massachusetts Press, 2002.

³⁵ See David Lake, *Power, Protection, and Free Trade*, Ithaca: Cornell University Press, 1988.

Commission, a non-partisan research institution that gathered, analyzed, and published information on tariffs and trade related issues.³⁶ The Tariff Commission represented an alternative to the legislative model embodied by the Underwood Tariff. Ostensibly designed to “take the tariff out of politics,” the Tariff Commission replaced the Republican preferred Tariff Board, which had been created in 1910. Whereas the purpose of the Tariff Board had been to research cost of production differences as a guide to tariff rates, Democrats had hoped that the Tariff Commission would educate the American public on the positive economic consequences of liberal trade policy. The limits of this approach became quickly apparent, however, when Republicans regained control of Congress following the 1918 elections. GOP leaders slashed the budget of the Tariff Commission and refused to print most of its reports. Once Harding assumed the Presidency, Republicans reconfigured the Tariff Commission so that its work upheld new protectionist policies. Eventually, the Fordney-McCumber Tariff of 1922 returned the country to solid protectionist footing, erasing most of the Democratic policy initiatives of the previous decade, before yielding to the even more protectionist Smoot-Hawley tariff.³⁷

Thus, in 1934, when Democrats set out to reform tariff policy, they faced several options. They could choose to pursue a strictly legislative solution – reduce tariff rates and risk GOP reversals down the road. They could reconstitute the Tariff Commission and give it independent authority to set tariff rates according to a broad set of guidelines. Or they could convince Congress to delegate tariff authority to the executive branch. The first option would have been in line with historical precedent, but it was clear that this would not effect long-lasting change. The Tariff Commission had proven to be easily co-opted by Congress and could scarcely be

³⁶ Karen Schneitz, “Democrats 1916 Tariff Commission: Responding to Dumping Fears and Illustrating the Consumer Costs of Protection” *The Business History Review*, Vol. 72, No. 1 (Spring 1998), p. 1-45.

³⁷ Schneitz, 1998.

trusted to substantially lower duties.³⁸ Convincing Congress to delegate tariff authority to the executive was a long shot, but for free traders in the Roosevelt administration, it represented their greatest chance at securing substantial trade liberalization.³⁹

In contrast to the typically frenetic pace set by Roosevelt in his first term, the development of trade policy was halting and frequently puzzling to observers. During the campaign, Roosevelt had been non-committal about his policy preferences, promising to protect farmers and manufacturers from import competition while simultaneously criticizing the excesses of Smoot-Hawley. Trade policy took a back seat to industrial recovery, despite Cordell Hull's efforts to bring attention to the issue.⁴⁰ Eventually it was during one of what Rexford Tugwell called Hull's "rambling, lipping speeches on the evils of protection," that Roosevelt finally turned his attention to the issue of trade. Roosevelt set up a committee, chaired by noted protectionist George Peek, to study ways to improve the flow of international trade.⁴¹ Peek's committee produced a first draft of what became the Reciprocal Trade Agreements Act.⁴²

Cordell Hull was extremely careful how he presented this bill to lawmakers on Capitol Hill. In particular, he emphasized that the legislation would result in no injury to domestic interests and that both the US and its allies would benefit from bilateral trade agreements. As Roosevelt

³⁸ Hull, Commerce Secretary Daniel Roper, and Treasury Secretary William Woodin recommended to Roosevelt that the Tariff Commission be reduced from six to four members and that its mission be changed from investigating the injurious effects of competition from imports to analyzing the potential benefits of increased imports for consumers and some producers. See Hull, Roper, and Woodin to Roosevelt, October 6, 1933, Cordell Hull Archives, Library of Congress.

³⁹ Plenty of examples of this type of authority existed among U.S. trading partners. Canada, for example, provided its prime minister with ultimate authority to negotiate tariff rates, while England allowed a legislative veto of negotiated rates. See Henry Chalmers to Francis B. Sayre, December 8, 1933, Cordell Hull Archives, Library of Congress.

⁴⁰ Roosevelt privately kept Hull reassured that lowering tariffs was a priority, even if a politically untenable step early in his term. See Franklin Roosevelt to Cordell Hull, June 11, 1933, Reel 9, Cordell Hull Archives, Library of Congress.

⁴¹ Charles Kindleberger, *The World in Depression, 1929-1939*, (Berkeley: University of California Press, 1986), p. 234.

⁴² Peek recommended the creation of a Foreign Trade Administration to assume primary responsibility for policy in lieu of the overlapping jurisdictions of several cabinet departments and other executive branch agencies. See George N. Peek to Franklin Roosevelt, December 30, 1933, Cordell Hull Archives, Library of Congress.

put it, “The successful building up of trade without injury to American producers depends upon a cautious and gradual evolution of plans...no sound and important American interest will be injuriously disturbed.”⁴³ Hull later added in testimony to Congress that the RTAA would benefit American industries by expanding “foreign markets for the products of the United States as a means of assisting in the present emergency in restoring the American standard of living.”⁴⁴

Despite reassurances from administration officials, Congress was reluctant to grant *carte blanche* powers over trade policy to the President. In the ensuing legislation, Congress attached several important constraints that limited the scope of the delegation of authority. In its final form, the Reciprocal Trade Agreements Act of 1934 comprised several provisions. First it empowered the president to negotiate existing tariff rates by as much as 50 percent in either direction (presumably downward). Second, it specified that dutiable items could not be transferred to the free list nor could free items be added to the dutiable list. Third, and most importantly, trade agreements would not be subject to Senate ratification. Any agreements reached would automatically take effect and could only be terminated after three years and at least six months prior notification.⁴⁵

However, Congress’s delegation of tariff authority was contingent. House Democrats amended the administration bill by limiting presidential authority to a renewable three-year period. The Senate required public hearings prior to any new trade agreements taking effect. Moreover, Congress extended protections against unfair trade practices by limiting most-favored-nation status to those countries that did not discriminate against U.S. goods. Even as the RTAA delegated authority to the President, Congress insisted that, “[T]he proposed bill

⁴³ Eckes, p. 142.

⁴⁴ Pastor, p. 88.

⁴⁵ Pastor, *Congress and the Politics of U.S. Foreign Economic Policy, 1929-1976*, p. 88-90.

nevertheless does not remove from Congress its control of policy which must underlie every tariff adjustment.”⁴⁶

Flying under the Radar

Seeking to defuse potential opposition, the Roosevelt administration and Congressional Democrats mostly crafted the RTAA out of public sight. In the House of Representatives, for example, the Ways and Means Committee mostly took testimony from executive branch officials.⁴⁷ Congress enacted the legislation with little fanfare. The New York Times buried an announcement of the bill in the back of an article outlining the ways Congress had delegated authority to Roosevelt, concluding that the RTAA was more likely to be helpful to farmers than industries, “[I]t is probable that the new powers granted to the President will be used in the first instance to develop markets in which the American farmer can once more sell his meats and grain.”⁴⁸ Most importantly, the types of agreements the Roosevelt administration entered into under its new authority mollified Congressional fears that the US would face a barrage of imports. By entering into non-controversial trade agreements early, the Roosevelt administration strengthened its hand for future trade initiatives.

To begin with, many of the tariff rates enacted in 1930 were significantly higher than what domestic industries needed to maintain an advantage over foreign rivals. Moreover, except for agreements with Cuba and Canada, the initial rounds of bilateral agreements were all completed with countries with which the US had never completed a trade agreement. US negotiators sought

⁴⁶ Sharyn O’Halloran, *Politics, Process, and American Trade Policy*, (Ann Arbor: University of Michigan Press, 1994), p. 86; Eckes, *Opening America’s Market*, p. 142.

⁴⁷ Pastor, *Congress and the Politics of U.S. Foreign Economic Policy, 1929-1976*, p. 88. Of the 17 witnesses, 7 were from the executive branch. Contrast with Smoot-Hawley where hundreds of witnesses compiled over 11,000 pages of testimony and none came from the executive branch. See Schattschneider, *Politics, Pressures, and the Tariff*, p. 36.

⁴⁸ Charles Merz, “Congress Leaves Vast Issues to Roosevelt,” June 10, 1934, p. XX1.

out countries who were the sole or primary suppliers of a particular good and who had no domestic competitors. As Thomas Page, the Vice-Chair of the U.S. Tariff Commission advised, “[F]ollow the practice which has been common in Europe for the last half century of confining every tariff negotiation to a limited list of articles which are of primary importance to the country with which the negotiation is taking place.”⁴⁹ The US would agree to drop its tariffs on, say, bone china from England in exchange for a reciprocal reduction of tariffs on US exports. Because England enjoyed a virtual monopoly on bone china, Most Favored Nation requirements (which extended the tariff reduction to all trading partners) did not confer benefits widely. In other words, no other nations received a “free” reduction in tariffs. Since the US did not produce bone china, no domestic industries were harmed either. This type of agreement enabled the Roosevelt administration to rapidly secure new trade accords. By the end of 1937, sixteen such agreements had been negotiated.⁵⁰ By the end of WWII, trade agreements with more than two-dozen countries had reduced tariffs on more than 60% of dutiable imports by an average of 44%.⁵¹ While not all of these were painless, the costs never mounted enough to allow opponents to effectively organize against the trade agreements program.

This brief overview of the enactment of the RTAA shows how the profound effects of the depression and decisive Democratic victories provided entrepreneurial policymakers with a distinct opportunity to alter the institutional structure of existing policy. The Democrats were presented with a menu of discrete choices, each of which would have produced a different institutional arrangement. At the time, the effects of the RTAA were far from certain. As Irwin explained, “The RTAA was simply enabling legislation, and no one knew how the authority

⁴⁹ Thomas Walker Page to Cordell Hull, March 2, 1933, Reel 9, Cordell Hull Archives, Library of Congress. See also, J. Anthony Schwarzmann to Cordell Hull, April 6, 1933.

⁵⁰ Kindleberger, *The World in Depression*, p.235.

⁵¹ Evans, *The Kennedy Round in American Trade Policy*, 7.

would be used, how successful the negotiations would be, or how extensive the agreements might be....Congress could not anticipate how important the legislation would become or even whether it would be sustained by future Congresses.”⁵² By relocating policy authority to the executive branch, Democratic leaders were provided with an opportunity to recast a central feature of American foreign policy. While this institutional shift in authority was undoubtedly critical for the success of the RTAA, patterns of interest group development occurring simultaneously provided the feedback mechanism necessary to sustain the durability of the program.

Implementing the RTAA

The larger question remains: what happened to interest groups once Congress delegated its authority to set tariff rates to the executive branch? Bauer, Poole, and Dexter reported, “The lobbies [in the 1950s] were on the whole poorly financed, ill-managed, out of contact with Congress, and at best only marginally effective.”⁵³ Moreover, they suggest that during the time of the critical renewal of the Reciprocal Trade Agreements Act between 1953 and 1955, interest groups functioned as mere conduits for information and communications outlets, rather than the decisive actors that one might have expected.

These observations have shaped subsequent analysis of post-1934 tariff politics. Scholars declare that post-RTAA politics were “institutional” and that interest groups had little impact on the development of trade policy because policy decisions were relocated to the executive branch where access was difficult.⁵⁴ As Patashnik notes, the RTAA is a prototypical example of an

⁵² Douglas Irwin, “From Smoot-Hawley to Reciprocal Trade Agreements: Changing the Course of U.S. Trade Policy in the 1930s” NBER Working Paper 5895, January 1997.

⁵³ Bauer, Poole, and Dexter, *American Business and Public Policy*, 324.

⁵⁴ See e.g., Haggard, “The Institutional Foundations of Hegemony”.

institutional reform where new rules buffered the policy from efforts at retrenchment.⁵⁵ To the extent that interest groups are relevant to studies of post-RTAA tariff policy, they are seen as simple mechanisms of policy feedback, where export-oriented industries that benefited from free trade policies threw their support behind further tariff reductions.⁵⁶

A closer look at institutional and interest group policy feedback mechanisms illustrates the fragility of the RTAA as a source of policymaking authority and a more complex interest group mobilization process behind liberal trade policy that might seem evident at first blush. Even the simple feedback process was difficult to achieve. That is, the assumptions made about the mobilization of supportive constituencies – the idea that export interests would provide enough of a counterweight to keep protectionists at bay – belie a much more unsettled institutionalization process.

Cordell Hull recognized that the RTAA faced serious challenges moving forward.⁵⁷ First, and most obvious, was the reaction of import sensitive industry representatives. As Hull put it, “The trade agreements had not even begun to go into effect when an avalanche of protests against possible tariff reductions began to pour in to us from the special interests.”⁵⁸ Second was the infighting between Hull’s free traders and George Peek’s agriculture allies. Peek had earned a special place in the Roosevelt administration and sought to extend his authority over all aspects of foreign commerce. His *raison d’être* was finding foreign outlets for surplus American agricultural products through barter agreements with foreign governments. Barter agreements

⁵⁵ Patashnik, “After The Public Interest Prevails,” 212.

⁵⁶ Hiscox; Haggard, “The Institutional Foundations of Hegemony”.

⁵⁷ Cordell Hull, *The Memoirs of Cordell Hull*, p. 357.

⁵⁸ Hull, *Memoirs*, p. 370.

undercut both domestic and international support for reciprocal free trade agreements and struck Hull as unsound economic policy.⁵⁹

With Peek trying to undercut him and protectionists telling anyone who would listen that the RTAA was going to ruin them, Hull embarked on a series of trade negotiations. The immediate targets were regional trading partners, which yielded ten of the first sixteen agreements.⁶⁰ For the most part, the deepest of tariff reductions were located in the “spirits, wines, and other beverages” category of the tariff schedule.⁶¹ However, the trade agreement with Brazil, reached in February 1935 (though not implemented until the following year) managed to raise the ire of domestic manganese producers. To Hull’s chagrin, J. Carson Adkerson, President of the American Manganese Producers Association, mounted a highly visible campaign against the trade agreement with Brazil and the broader policy of non-discriminating tariffs, charging that upwards of 700 jobs would be lost due to the tariff reduction.⁶² Hull, discouraged by the criticism, began backsliding on negotiations that were ongoing with Belgium. Moreover, Roosevelt began to express doubts on the wisdom of including unconditional most favored nation language in the new trade agreements.⁶³

If early criticisms and institutional rivalries posed a threat to the RTAA, that threat was mitigated by institutional advantages – and the mobilization of a free trade coalition - that favored Hull. Prior to the RTAA, the manganese producers, located primarily in Montana, would have logrolled a favorable tariff – indeed, both the Fordney-McCumber Tariff and Smoot-Hawley did exactly that. But, facing an unfriendly policy venue, the domestic manganese

⁵⁹ Michael Butler, *Cautious Visionary: Cordell Hull and Trade Reform, 1933-1937* Kent, OH: Kent State University Press, 1998, p. 101.

⁶⁰ Between 1934 and 1937, trade agreements were reached with Cuba (1934), Belgium, Haiti, Sweden (1935); Brazil, Colombia, Canada, Finland, France, Guatemala, Honduras, The Netherlands, Nicaragua, Switzerland (1936); Costa Rica, El Salvador (1937).

⁶¹ Irwin, (1997), p. 29.

⁶² See e.g., “Manganese Group Assails Tariff Cut” *New York Times*, Feb. 24, 1935, p. 21.

⁶³ Butler, p. 124.

industry stood little chance in single-handedly derailing the tariff reduction. The American Manganese Producers Association had honed its lobbying skills in the previous decade, when Congressional access mattered most. Even Burton Wheeler, Montana's powerful senior Senator, was of little help. On the other hand, Hull received sympathetic editorials from the *New York Times* and *Washington Post* and "received welcome support from many manufacturers who knew the value of exports."⁶⁴ Moreover, Hull's State Department set up a Committee on Reciprocity to garner input from affected industries, which exposed deep fault lines within American industry. For example, of the eighty-six comments received on the Belgium negotiations, only forty-eight warned against reducing domestic tariffs, while twenty-one sought lower Belgian tariffs, and eleven wanted to reduce US tariffs.⁶⁵ Hull also sought to balance trade agreements that benefited manufacturers with agreements that would expand export opportunities for agricultural products.⁶⁶ As a result, exporters gradually became more active on trade related issues in Congress.⁶⁷

The Congressional Venue

Protectionists still found Congress willing to provide opportunities for pushback against Hull's free trade agreements. Between 1934 and 1951, 909 witnesses appeared in person or in writing before Congress to air support or opposition to the trade agreements program (some testified more than once, so the total number of different witnesses would be somewhat lower). Of these, 370 supported the RTAA and supported lowering tariff barriers, while 469 expressed

⁶⁴ "Reciprocal Tariffs" *New York Times* February 17, 1935, p. E8 (reprinted from the *Washington Post*); Hull, *Memoirs*, p. 370.

⁶⁵ Haggard, "Foundations of Hegemony" p. 116.

⁶⁶ Michael Gilligan, *Empowering Exporters*, Ann Arbor: University of Michigan, 1997, p. 72.

⁶⁷ Douglas Irwin and Randall S. Kroszner, "Interests, Institutions, and Ideology in Securing Policy Change: The Republican Conversion to Trade Liberalization after Smoot-Hawley" *Journal of Law and Economics*, Vo. 42, No. 2 (October 1999), p. 670.

opposition (the rest were ambiguous or simply presenting data). Given the expectation that protectionist interests would be more motivated to seek political assistance than those who would benefit from free trade (Lowi 1964), it is perhaps not surprising that the Congressional hearings leaned toward protectionism.

Of the 909 witnesses, 60% represented what would be considered a traditional constituency: a firm, a business association, or a farm association. The rest of the witnesses ranged from members of the Administration, to academics, to religious leaders, to representatives of public interest organizations. For the purposes of analysis, I organized those testifying into fourteen different categories. The first category comprised elected national representatives, specifically other members of the House or the Senate and the President. Second were appointed national government representatives, mostly administration officials, cabinet officers, etc. The third and fourth group included state and local elected and appointed officials respectively. The fifth through ninth group included all business and farm representatives in order of degree of aggregation, with the fifth and sixth groups comprising all representatives of general farm and business associations, the seventh and eighth groups including all commodity or product-specific group representatives, and the ninth group including all representatives of specific firms. Labor union representatives made up the tenth group while public interest groups made up the eleventh group. Religious organizations, academic representatives, and a catchall “other” category rounded out the list.

Table 1: Interest Group Testimony Before Congress, 1934-1951

	Support	Oppose	Total
Elected National	8 (11%)	55 (77%)	71
Appointed National	66 (90%)	0 (0%)	73
Elected State	0 (0%)	3 (75%)	4
Appointed State	0 (0%)	3 (100%)	3

General Biz Assoc	50 (52%)	44 (45%)	97
General Farm Assn	10 (22%)	30 (67%)	45
Biz Trade Assoc	28 (15%)	140 (77%)	181
Farm Trade Assn	14 (17%)	60 (72%)	83
Firm	79 (54%)	62 (42%)	147
Labor Union	34 (38%)	45 (50%)	90
Public Interest	46 (81%)	9 (16%)	57
Religious	14 (93%)	0 (0%)	15
Academic	3 (75%)	0 (0%)	4
Other	18 (46%)	18 (46%)	39

Source: United States Congress

Support for the RTAA came from six of these categories: appointed federal officials, general business associations, firms, public interest groups, religious organization, and academics. It is not at all surprising that federal officials supported the RTAA; after all, the program was specifically designed to increase the authority of the president. Perhaps more surprising is that representatives of general business associations and individual firms voiced support for the RTAA more frequently than they did opposition. In all, 50 general business associations expressed support for the RTAA and 44 opposed it, while 79 firms expressed support for the RTAA and 62 were opposed. In reviewing the list of supporting firms, there is little that stands out in terms of type or size of firm (although additional sleuthing may be in order here). However, it is quite plausible that individual firms may have as much of an incentive to support expanded trade opportunities as they might to request protection from cheaper imports. In comportment with Lowi's (1964) argument that regulatory politics will generate a relatively even contest, absent other sorts of organizational or collective action mandates, firms could pursue their own material interests in pressuring Congress.

The bulk of the rest of the interest group support for the RTAA came from public interest groups, religious leaders, and academics. Given the strong ideological tenor of the arguments in favor of the RTAA, support from these organizations was critical. The testimony of these groups told that the expansion of free trade would be good for humanity, an argument that made self-interested protectionist appeals sound petty by contrast. In terms of raw numbers, these groups only accounted for about 17% of the support for the RTAA, but they allowed the issue to be framed in a way that gave great credibility to the arguments of liberal internationalist supporters of trade expansion.

Opposition to the RTAA was spread across elected and local officials, business and agricultural associations, and labor unions. It is clear that members of Congress utilized the hearings as a way to advertise their opposition to trade agreements that might negatively impact industries in their districts. Of course it is difficult to precisely determine the motivations of elected officials in this testimony, but at least a quarter of the appearances came in the form of a written statement, suggesting that signaling opposition was as important as relaying it in person. Labor union support for the RTAA tended to break down along traditional lines, with craft workers vocalizing the greatest opposition to trade expansion and industrial workers most sympathetic. Foreign competition in items like lace brought frequent condemnations from the Amalgamated Lace Operatives of America, for example, while export opportunities elicited support from the International Union of Mines, Mill, and Smelter Workers. At the same time, both the national offices of the American Federation of Labor and the Congress of Industrial Organizations voiced support for the RTAA. This is a pattern that held across business, labor, and agricultural associations. The broader the constituency represented, the more likely the organization was to support extending the RTAA.

Among business and agricultural organizations, opposition to the RTAA varied according to the breadth of the group. Commodity or industry specific organizations overwhelmingly opposed the RTAA, but only a minority of more broadly based or peak associations signaled their opposition to the trade pacts. Organizations like the United States Chamber of Commerce and the American Farm Bureau Federation consistently supported lower trade barriers. Some broadly based business groups were organized for the specific purpose of opposing the free trade agreements, like the American Tariff League, which frequently appeared before Congress to express opposition. The National Association of Manufactures (through 1940) and the National Grange consistently opposed the RTAA, but the bulk of the opposition came from trade associations representing particular industries, like the American Pulp and Paper Association and National Association of Pressed and Blown Glassware.

Thus, we can reach two conclusions about the patterns of interest group testimony before Congress during the critical years of RTAA expansion. First, support for or opposition to the RTAA can only partially be explained in instrumental terms. We might be confident that individual firms testifying before Congress saw the expansion of international trade as potentially profitable and based their support on anticipated revenue increases. However, given the mixed constituencies of peak labor, business, and farm associations, it is less clear that these organizations were motivated by the same concerns. Labor leaders, for example, might have been interested in cultivating support with administration officials and simply ignored entreaties by particular constituencies within their organizations to resist trade expansion policies. Likewise, James Emery, the politically conservative President of the National Association of Manufactures, might have opposed the RTAA simply on principle, even if economic incentives ran in the opposite direction. For public interest groups, religious associations, and academics,

the expression of support for the RTAA could hardly be explained instrumentally. The testimony of individuals representing academic, moral, or spiritual perspectives on public policy is altogether grounded in a fundamentally different political space than economic interests are. Yet, the support of these non-economic organizations was a critical part of the public, political argument made by the champions of liberal trade policy. They needed the General Federation of Women's Clubs and the Catholic Association for International Peace to articulate a concurrent position on the benefits of open trade. If administration officials were going to argue that the RTAA would improve prospects for world peace and prosperity (in the face of economic depression and the onset of war), the legitimacy of their arguments depended on outside groups with independent moral authority voicing their assurance that such a course was wise.⁶⁸

The second conclusion is linked to the earlier discussion about congressional opposition to the RTAA. This was a policy that proved controversial and was given a very short leash by Congress both in its initial creation and in subsequent reauthorizations. A return to the Smoot-Hawley days was very much an imminent concern to administration officials, and in debates, opponents frequently counseled such a move. Administration officials and their Congressional allies could count on party loyalty to carry the program forward for the first decade, but as Democratic majorities dwindled it was critical to mobilize support for the continuation of the RTAA. Protectionist insistence on an "escape clause" and "peril point" – stipulations that would allow tariffs under certain conditions - and demands that the tariff commission become a stronger advocate for impacted industries point to the perilous position of the trade program, even after World War II had all but decimated European and Asian economies. Given this political context, we must see support for the RTAA as more than just decisions by firms, or trade

⁶⁸ Correspondence supports this claim. See, e.g., Anna Marie Brueggerhoff et al., to Cordell Hull, February 8, 1937, Cordell Hull Archives, Library of Congress.

associations, or public interest groups to press for a policy that they would favor. Rather, support for the RTAA meant support for the broader agenda of the administration. We can see in the types of organizations that expressed a favorable opinion of the RTAA the relationships that Administration officials explicitly sought to cultivate. For example, the substantial number of women's organizations voicing support suggests that Eleanor Roosevelt may have played an important behind-the-scenes role in coalition building. The cross-country trips taken by Cordell Hull's lieutenants at the State Department may account for the preponderance of local Chambers of Commerce whose representatives traveled to Washington to register their approval of the RTAA with Congress. In short, it is best to interpret patterns of support and opposition for the RTAA in the political context of the time and to consider that political leaders may have been as important in mobilizing support as economic interests were in bringing interest groups to the table.

Cultivating Organizational Support

One of the key figures in the Roosevelt Administration responsible for ginning up support for the trade agreements program was Assistant Secretary of State Francis B. Sayre. Sayre was a former Harvard Law Professor who had married Woodrow Wilson's daughter Jessie in a White House ceremony and was well-known among Democratic Party activists. At the State Department, Sayre was tasked with outreach to local organizations of business owners – Chambers of Commerce most frequently – in an attempt to build political support for the trade agreements program.⁶⁹ Not only did Sayre travel around the country providing encouragement to local groups, but leaders of local organizations in turn sought him out for validation of their

⁶⁹ Even when meetings did not directly address the trade program, officials recognized the importance of developing good relations with the business community. As state department official Henry Grady wrote, "This subject [his meeting] is, of course, not one affecting our program, but it does affect the general relationship of Government to business and there will be an important gathering there of influential business leaders...[W]ith the growing relationship of the Department of State to business it will be well worthwhile from the standpoint of the Department. Memo from Henry F. Grady to Cordell Hull, March 27, 1936, RG 59, Box 235, National Archives.

efforts to mobilize support in their communities. For example, as part of its National Foreign Trade Week, the St. Louis Chamber of Commerce requested a short essay from Sayre or Hull to be placed in its newsletter extolling the virtues of the trade agreements program.⁷⁰

After initial trade agreements were reached with Cuba, Brazil, Belgium, and Haiti, Sayre was tasked to Columbus, Ohio to speak at the International Convention of the Junior Chamber of Commerce and then later in the year to Philadelphia, PA for the Democratic Women's Luncheon Club meeting.⁷¹ A speech given to the Maritime Exchange, reprinted in the Journal of Commerce, caught the eye of the managing director of the National Fire Protection Association.⁷² Travels in 1936 took Sayre to Kansas City and Denver and in the spring of 1937 to Dallas for the East Texas Chamber of Commerce meeting and French Lick Springs, Indiana for the Bankers Association for Foreign Trade annual meeting before winding up in New York for the influential National Foreign Trade Council's World Trade Luncheon.⁷³ At each stop, Sayre argued that the trade agreements program had opened new markets for American companies, reduced the cost of raw materials for American manufacturers, lowered prices for American consumers, all while continuing to protect American businesses from unfair foreign competition. The most persuasive argument was found in the early agreements, which primarily reduced tariffs on goods that were unavailable domestically or otherwise difficult to procure. With little pain to disperse, opponents found little to disagree with.

Not only did State Department officials speak to business groups, but they reached out to other elite organizations whose support for the program would be valuable. Hull's subordinates spoke to civic associations like the Fraternal Order of the Eagles, professional associations like

⁷⁰ G.A. Marklin to Francis B. Sayre, April 23, 1935, National Archives, RG 59, Box 213 A.

⁷¹ Wilbur J. Carr to Francis B. Sayre, June 26, 1935; William Carr to Francis B. Sayre, December 26, 1935, RG 59, Box 213 A.

⁷² Franklin H. Wentworth to Francis Sayre, November 21, 1935, RG 59, Box 213A.

⁷³ Wilbur J. Carr to Francis B. Sayre, Memoranda May 16, 1936, April 20, 1937, May 12, 1937, May 17, 1937, RG 59, Box 213A.

the Southern Political Science Association, and business conventions like the Wharton Institute of the University of Pennsylvania. Significant time and expense went toward outreach of this type, aiming to move the needle of public opinion in a liberal internationalist direction.

When complaints arose, Cordell Hull was quick to use the diplomatic reach of the State Department to attempt to resolve the problem. For example, in 1936, domestic flower seed producers began to complain about the arrival of cheap seeds from Yugoslavia and Hungary, where large European firms had moved production. The State Department dispatched consular officials to investigate and report back to the U.S. Tariff Commission.⁷⁴

The State Department's commitment to opening up foreign trade, its outreach efforts, and the examples set by the early agreements reached not only helped secure favorable public opinion toward the program, but it inspired previously ineffective and poorly organized free trade associations to better position themselves to be effective advocates. A gaggle of such organizations existed in the 1920s, but they clearly had little ability to convince the Republican dominated government to reconsider its protectionist policies. That began to change in the 1930s as it became clear that Roosevelt and the Democrats might be convinced to pursue a more open trade policy.

One of the most important and influential free trade associations was the National Foreign Trade Council (NFTC). The NFTC traces its origins to 1914, when the Chairman of U.S. Steel, James Farrell began organizing the annual National Foreign Trade Convention. Such was the climate of the time, however, that Farrell's organization could do little more than organize annual conferences and help its member companies develop trading relationships with Latin America. Once the trade agreements program had puffed the sails of the exporting community,

⁷⁴ Robert O'Brien to Cordell Hull, November 12, 1936, RG 59, Box 172, National Archives; Wilbur Carr to Robert O'Brien, November 18, 1936, RG 59, Box 172, National Archives.

the NFTC began to receive greater interest from businesses seeking international markets for their products. In 1936, the NFTC was formally incorporated, with its new Board of Directors including Gerard Swope of General Electric, Fred Kent of Bankers Trust, Walter Teagle of Standard Oil, James Mooney of General Motors Export Company, and George Bucher of Westinghouse, among others. Shortly thereafter, the NFTC merged with the American Manufacturers Export Association and began to develop the capacity to engage the debate over trade policy in a variety of ways. In the ensuing years, the NFTC offered advisory reports on new trade agreements, assisted its members in negotiating with foreign governments (together with the State Department), and as the demands of World War II began to pinch the American economy, the NFTC tried to steer national policy and provide guidance for its members to avoid getting caught on the short side of the war effort. Such was the close relationship between the NFTC and the State Department, that the NFTC bestowed its first annual Captain Robert Dollar Award on Cordell Hull, for his work in advancing the cause of free trade.⁷⁵

In sum, the shift of venue to the executive branch was important for a variety of reasons. First, it allowed entrepreneurial policymakers to pursue new policies with relative autonomy and freedom from the constraints of countervailing pressures. Once George Peek had effectively been removed from trade policy, Cordell Hull and his team at the State Department could begin to negotiate tariff reductions without interference from other bureaucratic actors. The strategy pursued by Hull of focusing on agreements that threatened few domestic interests defanged the opposition and allowed the outreach efforts of his officials to resonate with members of the business community as well as other important opinion leaders. Furthermore, the new initiative sparked interest among potential beneficiaries of international trade, encouraging the

⁷⁵ This overview reflects my assessment of the organizational records of the NFTC, which are housed at the Hagley Museum and Library as well as the executive summary of the records written by Christopher T. Baer.

development of lobbying associations that would provide critical support for the program as opponents became better organized in later years.

As important as the shift in venue was to the success of the RTAA, the fact that the authority to conduct trade negotiations was given on a contingent basis meant that Congress would continue to play an important part in the ongoing discussion over the policy. With protectionists locked in to their advocacy strategies, lodging protests within traditional Congressional institutional structures seemed the only option. Executive authority under the RTAA was reauthorized every three years, which provided Congress with repeated opportunities to evaluate the program and measure opposition. In these debates we can see how Congress provided a pressure release valve of sorts by allowing opponents to air grievances and, ultimately, when pressure grew too great, to soften the effects of the RTAA for the most powerful of industry opponents. In the post-war era, the status quo became, what Rich Friman called “patchwork protectionism.”⁷⁶ In the following section I develop several measures to assess Congressional debate over trade policy in the RTAA era.

Contesting the RTAA in Congress

The delegation of trade negotiation authority to the executive under the RTAA left opponents with little more than a Congressional bullhorn to air their complaints. Over time, however, the tenor of the debate changed, with opposition more focused and previously strong party alliances broken down under the stress of changing patterns of economic development. Initially, the most outspoken critics of the RTAA complained that the entire trade agreements program was unconstitutional while others worried aloud that Cordell Hull wished to put the interests of

⁷⁶ H. Richard Friman, *Patchwork Protectionism: Textile Trade Policy in the United States, Japan, and West Germany* (Ithaca: Cornell, University Press, 1990).

foreigners ahead of the interests of American businesses. However, with Congress effectively excising itself from the policymaking process, opportunities to express disgruntlement were quite limited. Mainly, members of Congress could use the hearings process to communicate their displeasure or they could wait until the bill was up for reauthorization and request time to speak on the floor.

The floor debates over the RTAA illuminate key variables in explaining the success of the policy as well as its long-term durability. In one regard, many of the arguments were perfectly consistent with ideological, sectional, and partisan expectations. For example, in 1934, William Borah (R-ID) complained that the RTAA would violate the “plain provisions of the Constitution.” Everett Dirksen (R-IL) worried that the United States lacked a comparative advantage in agricultural production. On the other hand, John Dingell (D-MI) found that a number of manufacturers in his state would support tariff reduction and access to foreign markets. Fred Vinson (D-KY) was motivated to support the RTAA by dint of the “unmitigated disaster” that was the Smoot-Hawley tariff. By the 1950s, however, the floor debates began to see some strange alliances. The conservative Styles Bridges (R-TX) joined with his colleague Harry Byrd (D-VA) in supporting continuation of the RTAA. Opposing the RTAA were liberals like Wayne Morse (D-OR) and some farm state Republicans like William Langer (R-ND).

I aggregate the floor speeches from 1934 through 1962, which marks the end of the RTAA era, to pick up on different patterns of support for continuing the reciprocal trade program. The data set includes 491 speeches between the Senate and the House of Representatives.⁷⁷ Of the 491 speeches, 281 were uttered in opposition to the continuation of the RTAA, while 210 supported the RTAA. Democrats voiced opposition against the RTAA seventy-eight times and

⁷⁷ Data was tabulated for all floor speeches in the year during which the RTAA was reauthorized. I was unable to include 1937 data in this paper.

supported it 160 times, while Republicans opposed the RTAA 203 times and supported it 47 times. Over this time period, using Poole and Rosenthal's DW-NOMINATE scores, the mean ideology of an RTAA supporter was -0.12, while the mean ideology of an RTAA opponent was 0.19.⁷⁸ If we use Elizabeth Sanders' (1999) regional typology and break the states into core/intermediate/periphery regions, we can also see geographical patterns of support. Core states opposed the RTAA 101-52, intermediate states were split 59-48 in opposition, while members from periphery states opposed the RTAA at around the same rate 119-95. Finally, the Senate was more inclined to support the RTAA, at 87-77, while the House opposed it 202-120.

In short, the aggregate data on the floor debates over the RTAA confirm much of the conventional wisdom on the development of liberal trade policy. First, the importance of partisanship is underscored by the general support expressed by Democrats for the RTAA and the overwhelming opposition to the RTAA expressed by Republicans. Consistent with our expectations regarding the ideological nature of the transformation of trade policy, more liberal members tended to support the RTAA while more conservative members tended to oppose the RTAA. The fact that both support and opposition ideologies are so close to zero, however, suggests that ideology may not have been that strong of a factor in determining support for the RTAA. Geographically, the states most likely to oppose the RTAA came from the Northeast and Great Lakes, areas where manufacturing enterprises would have been most threatened by foreign competition. Indeed, Marian Clarke (R-NY) worried that the U.S. shoe industry would be put out of business by cheaper imports from Czechoslovakia! More agrarian states stood to benefit from access to overseas markets and thus were more inclined to support the reduction of tariffs. Finally, consistent with expectations regarding the distribution of political benefits, opposition to

⁷⁸ DW-NOMINATE scores range from 1 to -1 with 1 being most conservative and -1 being most liberal. The number reflected here is a general ideology score, which Poole and Rosenthal suggest correlates well with economic issues up through the civil rights era.

the RTAA was lodged most firmly in the House of Representatives, while the Senate tended to take a broader view of the tariff debate. A preliminary probit analysis of this data indicates that party and ideology are significant predictors of support for the RTAA at the .01 confidence level, while chamber and region are significant at the .05 confidence level. However, the model predicts only a relatively small amount of variance ($R\text{-squared}=.22$), suggesting that greater specificity is needed.

To start unpacking this aggregate data a bit, we can begin thinking of the development of trade policy in terms of a sequence of developmental stages. In the initial stage, from 1934 through 1940, the premise of the RTAA was still contested by political opponents. In this stage, partisan politics ruled the debates in Congress and voting on reauthorization. The second stage, lasting from 1940 through 1950 marked an era of acceptance of the RTAA, but saw deep contestation over the limits of the RTAA. During this time, Congress created exemptions like the “peril point” and “escape clause” that would potentially allow impacted industries to temporarily forestall tariff reductions. The third stage, marked by the end of World War II and the subsequent reorganization of the world economy under Bretton Woods, including the adoption of the General Agreement on Tariffs and Trades (GATT), signaled to domestic producers that subsequent political battles would be fought within the boundaries of the global economic order. Between 1950 and 1962, when the Trade Expansion Act effectively preempted the RTAA, debate within Congress took on a decidedly international tone.

Between 1934 and 1940, Congress voted on the RTAA three times, including two three-year renewals of the legislation. Each vote was highly partisan. In the Senate, Democrats approved of the RTAA 51-5, 56-8, and 41-15 while Republicans opposed the RTAA 30-7, 15-1, 30-0. In the House of Representatives, Democrats supported the RTAA 279-12, 286-11, and 212-20

while Republicans opposed it 111-4, 87-3, and 146-5. On the floor, this pattern replicated itself in debates. Democrats voiced overwhelming support for the RTAA by a count of 51-6 (89%) during this time, while Republicans opposed the RTAA by an equally stark 49-7 (88%).

Ideology was also important in differentiating supporters and opponents of the RTAA during this period. The mean ideology of an RTAA supporter between 1934 and 1940 was -0.11 while the mean ideology for an RTAA opponent was 0.28 for a difference of 0.39. Oddly, support for the RTAA was grounded more in the House of Representatives than the Senate. RTAA supporters outnumbered opponents 56-44 in the House, while opponents outnumbered supporters 11-2 in the Senate. Finally, regional differences show up as well. Core region representatives opposed the RTAA 25-10, while those from the intermediate region supported the RTAA 22-16 and those from the periphery by an even greater 26-14. In sum, the floor speeches offered by members of Congress during this early period reflect the partisan character of the issue, but also offer evidence that ideology and regional interests factored into support for liberalized trade.

Table 2 about here

Between 1940 and 1950, voting on the renewal of the RTAA grew less partisan. There were extensions passed in 1943, 1945, 1948, and 1949. Senate Democrats approved the RTAA 41-8, 44-7, 23-17, and 47-1. House Democrats approved the RTAA 195-11, 205-12, 16-142, and 234-6. The vote that stands out occurred in 1948, when Republicans, holding a slim majority in an election year, insisted on including a “peril point” clause in the reauthorization of the RTAA, which would allow the Tariff Commission to halt tariff reductions if a domestic industry could show that it would be uncompetitive otherwise. Thus, Senate Republicans disapproved of the RTAA 20-0, 21-15, 1-47, and 18-15, while House Republicans wavered in their opposition to the RTAA, voting to approve it 145-52 in 1943, voting against it 140-33 in 1945, and then

supporting it 218-5 and 84-63 in 1948 and 1949. With the first Republican majority in fifteen years, a vulnerable incumbent President, and a post-war economic settlement beginning to take root, the dynamics of the RTAA debate had certainly shifted. But what about the debate on the House and Senate floor? What sorts of shifting dynamics appeared amongst the most vocal supporters and opponents of the RTAA?

Among Democrats, 86% of those who spoke about the RTAA supported the legislation, while 86% of Republicans opposed the RTAA. The mean ideology of an RTAA supporter fell slightly to -0.06 while the mean ideology of RTAA opponents rose to 0.33 for a net ideological difference of 0.39. Similar regional patterns emerged in the 1940-1950 years as existed in the pre-1940 debates. Core region support for the RTAA dwindled to just four out of twenty seven representatives in favor. Representatives from intermediate region states opposed the RTAA 14-7, while periphery state representatives supported the RTAA 35-21. Much greater institutional support for the RTAA was found in the Senate during this second period. In the Senate, support for the RTAA led opposition 23-21 (52%), while in the House, opponents outnumbered supporters 37-23 (62%). In sum, even though the nature of the debate over the RTAA changed considerably in the second period, similar partisan, ideological, and regional dynamics characterized the support and opposition expressed toward the RTAA on the floor of Congress.

The third period begins to see some dramatic departures from trends evident in the first two periods. First, voting patterns evidence a growing partisan consensus around the RTAA and a reluctance among Republicans to challenge Eisenhower's leadership on the trade issue. Congress renewed the RTAA five times between 1950 and 1962 when it passed the Trade Expansion Act (TEA), which effectively superseded the RTAA. The 1951 reauthorization was virtually unanimous as was the 1953 extension. The 1954 and 1955 extensions passed the Senate

88-5 and 80-14, while only token resistance marked the House votes at 289-62 and 303-118 with Republicans comprising a majority of dissenters each year. In 1958, 37 Republicans joined with 41 Democrats in the Senate to support the RTAA 78-17, while in the House 60 Republicans joined 40 Democrats in opposition to the bill that passed 319-100. Finally, the 1962 bill passed over a more divided Republican party. Democrats unanimously supported it in the Senate, while Republicans split in favor 23-14. In the House, Democrats supported the bill 215-36 while Republicans opposed the legislation 85-91. In short, the roll call votes on RTAA authorizations between 1950 and 1960 suggest that free trade had largely become a bipartisan affair, with opposition limited to the margins of each party, with the exception of 1962, which showed a retrenchment back towards GOP hostility towards liberal trade.

When we take a closer look at the floor debates that preceded the 1955 and 1962 votes (where the greatest contestation occurred), we find interesting deviations from earlier eras. While debates often pivoted on similar themes of internationalism versus isolationism and opening markets versus protecting markets, Democrats were much more likely to oppose further expansion of tariff authority than in earlier periods and Republicans were less likely to oppose such expansion. Democrats supported the RTAA and TEA by a narrow margin of 72-66 while 102 Republicans opposed it and 33 voiced their support. The mean ideology of a trade supporter was more liberal than in the past at -0.16 while the ideology of a trade opponent was less conservative than in the past at 0.11 for an overall distance of 0.27, smaller than in either previous era. Also for the first time, opposition was greater than support in all three regions of the country. Core states opposed the RTAA and TEA 53-40 (a margin much more favorable to free trade than in either of the two earlier periods); intermediary states opposed the extension of the Act 30-20; and periphery states for the first time opposed the expansion of trade authority by

a margin of 85-45. It is clear that a sectional realignment of support was occurring during this time period as the expansion of global trade began to impact commodity markets like agriculture and raw materials that had long been the domain of liberal trade supporters. It is also worth noting that the Senate continued on its trajectory of embracing liberal trade, voicing support for the RTAA and TEA at a rate of 63-46. The House of Representatives saw a louder chorus of protectionist voices, with opposition outpacing support 122-42.

Using floor speeches, we can identify the changing dynamic of the trade debate in Congress by focusing on those motivated enough to request time to speak before the chamber. By disaggregating the data on floor speeches between 1934 and 1962, we are able to observe changes in the partisan, ideological, and regional construction of the debate. For the early debates, partisanship lines up with expectations regarding ideology and regional support, with Democrats, typically of a more liberal bent, and typically hailing from intermediate and periphery regions, leading the support for the RTAA. Republicans, shrunken in numbers after the 1932 and 1934 elections, clung to their base in the core region (60% of 1934 GOP floor speeches came from this region) and overwhelmingly opposed the RTAA. Still, by the 1950s, changing economic conditions, ideological moderation, and a partial realignment of regional representation led some Democrats towards protectionism and some Republicans toward internationalism. In the Senate, it was Prescott Bush (R-CT) and Jacob Javitz (R-NY) who were among the greatest champions of international trade leading up to the 1962 legislation. In a reversal, it was Democrats like Robert Hemphill (SC) who led opposition to the continued reduction of trade barriers, complaining that his state's textile industry was at risk.

The slow march of individual, reciprocal trade agreements seemed to take the steam out of import sensitive industries' efforts to overturn the RTAA and instead to focus them on

alternatives within the RTAA framework. With the onset of WWII, Cordell Hull enjoyed an even stronger position to argue for tariff reductions. An ambitious agreement was reached with Britain and Canada (which extended to the commonwealth) over the objections of powerful members of Congress like Henry Cabot Lodge.

Months after the hard-fought trade agreement with Britain took effect, Hitler invaded Poland and the world's powers diverted their attention to military issues. Once the war was ended, the devastation of Europe immediately cast the U.S. as the world's dominant economic actor, and while the grounds on which previous trade agreements had been arranged were largely gone, the centerpiece of the policy – reciprocity through negotiated tariff reductions – had become virtually unassailable. Hull had proven sufficiently politically adept that import-sensitive industries were denied the opportunity to muster a coalition capable of derailing the RTAA. The more markets that were opened and the more US producers that benefited from Hull's trade agreements, the more difficult it became to imagine setting tariff rates in any other fashion.

Conclusion

This paper has argued that the mobilization of the free trade movement was important for the institutionalization of open trade commitments during the New Deal. In selecting a policy option that relocated trade authority from Congress to the Executive – rather than resting authority in a bureaucratic agency subject to capture or relying on continued partisan advantage within Congress – Democrats provided supportive interests with a receptive institutional environment. A proliferation of free-trade organizations emerged in the early 1930s to support this effort, many testifying before Congress, others committed to working with State Department officials to facilitate international trade, helping to ward off challenges from protectionist interests. For their

part, protectionists found the executive branch unfriendly and had little capacity for lobbying in that venue anyway. With few avenues for policy change open in Congress, these interests mostly vocalized their dismay, but could do little else. By the post-war era, the free trade movement had become so ensconced and the institutions of free trade so embedded in domestic and foreign policy, that the Eisenhower administration risked major backlash if it attempted to return to the protectionism of the pre-New Deal era. Since by that point most of the important political action occurred in the executive branch, it is little wonder that Bauer, Pool, and Dexter found little evidence of interest group influence in Congress. There simply was very little to influence.

This account of tariff policy in the New Deal era suggests that interest groups are important components of political development. A scholarly focus strictly on the institutional changes that occurred in trade policy during the New Deal misses the importance of supportive groups in defending new institutional arrangements. Institutional longevity is not a historical accident, but rather a consequence of organizational mobilization in defense of a favored institutional arrangement. Like other major public policy commitments in the United States such as a quasi private/public health care system or a commodity specific agricultural support system, the commitment to free trade is supported by a coalition of organized interests that defend the status quo. By looking more closely at the politics of trade during the New Deal, we gain greater insight into the development of U.S. trade policy as well as the importance of organized interests in securing lasting institutional change.

Table 2: Support for Free Trade in Congress, 1934-1962

	1934	1937	1940	1943	1945	1948	1949	1955	1962
Raw Votes									
Dem	279-12	286-11	212-20	195-11	205-12	16-142	234-6	190-38	215-36
Rep	4-111	3-87	5-146	145-52	33-140	218-5	84-63	113-80	85-91
Total House	283-123	289-98	217-166	340-63	238-152	234-147	318-69	303-118	300-127
Dem	51-5	56-8	41-15	41-8	44-7	23-17	47-1	40-6	61-0
Rep	7-30	1-15	0-30	0-20	15-21	47-1	15-18	40-8	23-14
Total Senate	58-35	57-23	41-45	41-28	59-28	70-18	62-19	80-14	84-14
Floor Speeches									
Total	58-55			46-57				105-168	
Dem	51-6			38-6				72-66	
Rep	7-49			8-51				33-102	
Ideol Pro	-0.11			-0.06				-0.16	
Ideol Con	0.28			0.33				0.11	
Ideol Distance	0.39			0.39				0.27	
Region 1	10-25			4-23				40-53	
Region 2	22-16			7-14				20-30	
Region 3	26-14			35-21				45-85	
House	56-44			23-37				42-122	
Senate	2-11			23-21				63-46	

Source: Michael Hiscox, "The Magic Bullet? P. 692 (for raw votes); United States Congress, *Congressional Record*.