The Breakdown of Industrial Opposition to Trade:
 firms, product variety, and reciprocal liberalization

By Iain Osgood

This article documents systematic deviations from standard models of trade politics, each of which has the effect of undermining sustained efforts at coherent industrial opposition to trade. Industries have internal disagreements about liberalization, support for trade liberalization extends bilaterally across borders in the same industry, and comparative disadvantage industries feature convincing expressions of public support for liberalization. These surprising outcomes are explained by a model of trade politics that emphasizes three factors: firm heterogeneity in export performance, product differentiation, and reciprocal liberalization. The author uses a new data set of industry attitudes about fifteen US trade agreements to show that product differentiation is strongly correlated with these outcomes, even conditional on plausible alternatives. The author concludes that public position-taking and lobbying on trade politics have been fundamentally altered by the rise of product variety; trade’s opponents and indifferents have been overwhelmed by pro-globalization firms breaking out to support trade on their own.

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Iain Osgood is an assistant professor of political science at the University of Michigan. His research interests lie in international relations and political economy, especially the politics of international trade and foreign investment. His current work focuses on the political effects of the globalization of supply chains, the determination of trade policy with heterogeneous firms, and the relationship between globalization and discriminatory social and legal institutions. He can be reached at iosgood@umich.edu.