

## The Textile, Apparel, and Footwear Act of 1990: Determinants of Congressional Voting

By: Stuart D. Allen and Amelia S. Hopkins

Allen, S. and Hopkins, A. "The Textile Bill of 1990: The Determinants of Congressional Voting," *Public Finance Review*, Vol. 25, No. 5, September 1997, 542-552. DOI: 10.1177/109114219702500506

Made available courtesy of SAGE Publications: <http://dx.doi.org/10.1177/109114219702500506>

**\*\*\*Note: Figures may be missing from this format of the document**

### **Abstract:**

This article uses probit analysis to examine the effect of political and economic variables on the probability of senators and representatives voting favorably on the Textile, Apparel, and Footwear Trade Act of 1990. The results show that voting behavior by senators and representatives was significantly influenced by their party affiliations, the importance of textile and apparel employment in their states, and campaign contributions. Senate voting behavior also was significantly affected by the length of tenure in office. House voting behavior also was negative and significantly affected by the percentages of states' agricultural employment, which is an important export sector.

### **Article:**

The Textile, Apparel, and Footwear Trade Act of 1990 represented the third congressional attempt since 1985 to pass protectionist legislation favorable to the textile, apparel, and footwear industries. The 1990 legislation limited growth of imports on textile and apparel to 1% and on footwear to 0% from a 1989 base. This legislation, similar to the 1987-1988 legislation, placed limits on import growth. In an attempt to garner additional votes from Farm Belt states, the 1990 bill included a provision to offer higher quotas for those countries that would buy American farm exports. The strategy may have earned additional votes given that four of the seven senators who switched their votes from 1988 to 1990 were from Farm Belt states. Despite fears that the successful passage of the legislation would jeopardize the U.S. trade negotiation position in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and the U.S. effort to keep the European Community from passing protectionist policies, the legislation passed the Senate in July 1990 by a vote of 68-32 and passed the House of Representatives in August 1990 by a vote of 271-149.<sup>1</sup> The legislation, however, was vetoed by President Bush, and the veto was sustained by a vote of 175-152 in the House.

This article examines the effect of political and economic variables on the probability of voting favorably on the Textile, Apparel, and Footwear Trade Act of 1990. The probit analysis, presented in the next section, extends the work of Tosini and Tower (1987) by modeling the political bargaining unique to this bill. The measure of the campaign contribution variable is broadened to include political action committee (PAC) contributions from 29 corporate, labor, and trade association groups. An export-related employment variable is tested to capture the pressure from export constituencies on voting behavior. The results, reported in the subsequent section, show that party affiliation, the percentage of state textile and apparel employment, campaign contributions, and the length of tenure influenced Senate voting behavior. Party affiliation, the percentage of state textile and apparel employment, campaign contributions, and the percentage of state agricultural export employment significantly influenced House voting behavior.

### **The Model**

The emergence of large American trade deficits in the 1980s resulted in increased protectionist pressure and greater lobbying efforts by both proponents and foes of protectionist legislation in the 1980s. A number of studies, following Baldwin's (1985) study of the Trade Act of 1974, have employed probit models to examine congressional voting behavior on protectionist legislation.<sup>2</sup> Nollen and Iglarsh (1990) examined Senate votes on three bills: the 1984 Unfair Trade Practices, the 1985 Textile Import Quotas, and the 1987 Omnibus Trade bills. They argued that the ideology of a senator (liberal or conservative) is the most important determinant of votes

on generic trade bills, whereas constituent interest is the most important determinant of voting behavior on trade bills aimed at specific commodities or industries such as the 1985 vote on textile import quotas. In addition, Nollen and Iglarsh (1990), McArthur and Marks (1988, 1990), and Marks (1993) noted the importance of export interests in opposing specific and generic protectionist policies on voting behavior.

The existence of economic gains from changes in trade resulting from congressional legislation will cause anticipated winners and losers to spend resources in an effort to use their political influence to alter the voting behavior of individual representatives. Public choice models of political voting behavior focus on the economic and political factors that are hypothesized to have an important influence on the likelihood of any politician casting a vote. A public choice probit model in which the dependent variable equals 1 for yes votes and 0 for no votes is used to analyze the final vote from the Senate and the House on the Textile, Apparel, and Footwear Act of 1990.<sup>3</sup> This study includes a political tenure variable, improves the campaign contributions measure, and examines the attempt to garner votes from farm state representatives by offering higher quotas to countries that bought more American farm exports.

### **Economic Variables**

A number of economic variables are employed to test for the geographic and institutional economic interests of certain constituencies. A higher state unemployment rate (*UNEMP*), as measured in June 1990, is expected to increase protectionist pressure on Congress given that local voters believe that protectionism is one way in which to save jobs and reduce the likelihood of unemployment.<sup>4</sup> Higher unemployment rates increased the probability of a vote for the 1985 textile bill (Tosini and Tower 1987) and for the 1982 auto domestic content bill (Coughlin 1985; McArthur and Marks 1988).

Organized labor traditionally supports protection of domestic industries, and the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) and other smaller labor unions supported the 1990 bill. To test the extent of labor's influence, the state's unionization rate (*UNION*) is included in the model. The *UNION* variable is measured as the percentage of employed workers who are covered by union contracts in the private sector of the state. The *UNION* data are for 1988 and are taken from Crume, Hirsch, and MacPherson (1990). Previous studies have found that higher unionization rates increase the probability of a vote for protection of a commodity-specific trade bill in the House (Marks 1993; Tosini and Tower 1987; Coughlin 1985; Baldwin 1985; McArthur and Marks 1988, 1990). Pro-labor senators also are more likely to vote a protectionist position, as noted by Nollen and Iglarsh (1990). Thus, a positive relationship is expected between *UNEMP* and *UNION* and a *yes* vote.

The relative size of the textile and apparel industry in the state's economy (*TEXEMP*) is hypothesized to be positively related to the likelihood of a yes vote on the bill. *TEXEMP* is measured by the percentage of the state's 1988 workforce employed in the textile industry, as measured by employment in the textile mill products (SIC 22) and the apparel and other textile products (SIC 23). The 1988 data are taken from "County Business Patterns," Bureau of the Census, U.S. Department of Commerce. Tosini and Tower (1987) found state employment in textiles and apparel to significantly affect the vote for the 1985 textile bill.

Two separate variables (for the manufacturing and agricultural sectors) are specified to measure the influence of the political pressure from the state's export sector. Protectionism is viewed as a threat to manufacturing or agricultural firms that engage in export activities. Therefore, the relative importance of export-related industries to the state's economy represents lobby pressure on elected officials that is anticipated to be inversely related to the probability of a yes note.<sup>5</sup>

The percentage of the state's workforce employed in export-related industries (*EXP*) measures the importance of export-related manufacturing. The data are for 1986 and are taken from "U.S. Manufactured Exports and Export-Related Employment," International Trade Administration, U.S. Department of Commerce. Previous studies have indicated a significant association between export-related employment and voting against industry-specific protection (Marks 1993; Nollen and Iglarsh 1990; McArthur and Marks 1988, 1990). Given the

provision in the 1990 bill to allow higher import quotas for those countries that imported U.S. farm products, the percentage of total state employment in agriculture and forestry was included in the model. It is hypothesized that a higher level of state agricultural employment would increase the lobby pressure and the probability of a yes vote. Four of seven senators who switched votes between 1987 and 1990-Harkin (Iowa), Exon (Nebraska), Burdick (North Dakota), and Boren (Oklahoma)-represented farm states.

A summary of the descriptive statistics of the economic variables illustrates a wide range in their values. State unemployment rates averaged 5.2% with a low of 2.0% and a high of 8.2%. State unionization rates ranged from 5.1% to 23.9% with a mean of 12.7%. The percentages employed in textiles and apparel ranged from 0.4% of the workforce in Alaska to 11.9% of the workforce in South Carolina. The percentages of the workforce employed in export-related industries ranged from 3.1 % to 40.0% with a mean of 12.6%. The percentages of agricultural employment ranged from 0.1 % to 1.5 %.

### **Political Variables**

Party affiliation (*DR*) is measured by a dummy variable set equal to 1 for members of the Democratic party and a set equal to 0 for members of the Republican party. Democrats are hypothesized to be more inclined to vote for protection than are Republicans. Republican members of Congress also would be expected to vote against the bill opposed by the Republican president. Of the 45 Republican senators, only a slim majority of 23-22 stood with the president in opposition. Republican House members voted against the bill by 99-74, thereby supporting the president.

Two member-specific variables are included in the model: the amount of time remaining before the next election (*TIME*) and the length of time in the present office (*TENURE*). Electorate pressures for protectionism can better be resisted in favor of the economic logic of free trade by members of Congress who are less concerned with reelection. As the time to a senator's reelection decreases from 6 to 4 to 2 years, it is hypothesized that there is a greater likelihood of a yes vote. A negative sign is expected for *TIME*. If political challengers are willing to campaign against unpopular votes by incumbents whenever these votes occur, then time before the election is irrelevant and the *TIME* coefficient would be insignificant.

The expected sign for the *TENURE* variable is ambiguous. The longer a member of Congress has been in office (*TENURE*), the more likely he or she is to be reelected and hence more receptive to vote for the longer term benefits of free trade. In this case, a negative sign is expected for *TENURE*.<sup>6</sup> However, a lengthier *TENURE* may indicate that the legislator has successfully voted the constituents' interests, which may be either for or against free trade. In this case, the sign is ambiguous.

The amount of contributions from textile and apparel PACs is expected to positively influence votes for protectionist legislation. In constructing the campaign contribution (*CC*) variable, donations from 8 industry groups such as labor unions and trade associations of the textile and apparel industry are included with 21 corporate PACs that are registered with the Federal Election Commission and listed in the SIC 22 and 23 categories. The *CC* variable was constructed by dividing the amount contributed by these 29 textile and apparel-related PACs by the total campaign receipts for the most recent campaign period for each representative. Thus, our *CC* variable is a broader measure than those used in prior studies. The Tosini and Tower (1987) campaign contributions variable included only donations by companies and unions in the textile industry. The influence of campaign contributions in the studies by Baldwin (1985), Coughlin (1985), McArthur and Marks (1988, 1990), and Marks (1993) measured the percentage of the total contributions made by labor PACs.<sup>7</sup>

### **Results**

There were 425 members of the House who voted (421) or announced positions (4) on the Textile, Apparel, and Footwear Act of 1990, whereas all 100 senators cast votes. The results of the probit analysis are presented in Table 1 with the Senate results listed in the first column and the House results listed in the second column. The *t* values are in parentheses. The individual partial derivatives equal the change in the probability of a *yes* vote with respect to each independent variable and are provided in brackets.

The percentage of textile employment (*TEXEMP*) in the state had a positive influence on voting for the legislation and was highly significant in the House and Senate analyses. The values of the partial derivatives indicate that a 1 percentage point increase in the percentage of textile employment caused an 8% increase in the probability that a senator would vote for the bill and a 5% increase that a representative would vote for the bill. The *UNEMP* and *UNION* variables were not significant in either the House or the Senate estimates.

The coefficient for *EXP* had the expected negative sign for the House but was not significant, which is consistent with Baldwin (1985), who also found “export sensitivity” to be an insignificant determinant of voting behavior. This result, however, does not confirm the significant relationship between export-related employment and voting against industry-specific protection found by Marks (1993), McArthur and Marks (1988, 1990), and Nollen and Iglarsh (1990). The agricultural employment variable (*AG*) was negative and significant in the House estimates, which is counter to the expected positive sign. The expected positive sign was based on the anecdotal evidence that the special provision to increase quotas to countries that bought U.S. agricultural exports resulted in more positive votes from the farm states for the 1990 bill than for its predecessors.<sup>8</sup> The negative and significant sign does suggest that protectionist legislation was less likely to be supported by House members from states with larger agricultural employment sectors who could still have viewed protectionism as a long-term threat to agricultural exports.

**TABLE 1: Determinants of Congressional Votes: Probit Coefficients, *t* Ratios, and Partial Derivatives**

	<i>Senate</i>	<i>House</i>
Constant	-0.487 (-0.365) [-0.075]	-0.612 (-0.684) [-0.117]
<i>DR</i>	1.025 (2.845)** [0.158]	0.537 (3.070)** [0.102]
<i>UNEMP</i>	-0.160 (-1.050) [-0.025]	0.103 (1.089) [0.020]
<i>UNION</i>	-0.015 (-0.417) [-0.002]	-0.020 (-1.193) [-0.004]
<i>TEXEMP</i>	0.544 (2.336)** [0.084]	0.240 (2.431)** [0.046]
<i>EXP</i>	0.035 (1.081) [0.005]	-0.019 (-0.606) [-0.004]
<i>TIME</i>	-0.045 (-0.067) [-0.007]	
<i>TENURE</i>	0.050 (1.760)* [0.008]	-0.005 (-0.435) [-0.001]
<i>CC</i>	3.074 (1.766)* [0.474]	4.481 (8.919)** [0.852]
<i>AG</i>	-0.643 (-1.149) [-0.099]	-1.117 (2.406)** [-0.212]
Log-likelihood	-40.718	-143.909
Restricted log-likelihood (slopes = 0)	-62.687	-277.122
Chi-square	43.939	266.426
<i>k</i>	10	9
<i>n</i>	100	425

NOTE: *t* ratios are in parentheses. Partial derivatives evaluated at the mean are in brackets.

\*Significant at .05 level, \*\*Significant at .01 level (one-tailed test).

The variable for party affiliation (*DR*) was positive and significant at the 1 % significance level for both the Senate and the House. Democratic party affiliation raised the probability of a *yes* vote by almost 16% for senators and by 10% for representatives. The *TIME* variable representing the amount of time remaining before reelection for senators was insignificant. *TENURE* was positive and significant at the 5% confidence level in the Senate but insignificant in the House. The coefficient sign for *TENURE* had been predicted to be negative, but the positive and significant coefficient in the Senate may result from the longevity of senators from southern states where the textile and apparel industry is concentrated.

The *CC* variable had the strongest impact of any variable. If textile and apparel PAC contributions comprised a larger share of a legislator's total campaign contributions, then there was an increased probability that the legislator would vote for the protection of textiles and apparel. The magnitude of the effect of *CC* was substantial for the Senate (partial derivative of 0.47), and the effect was significant at the 5% level for a one-tailed test. The impact was much stronger for members of the House (0.85) and was highly significant. Tosini and Tower (1987) also found that the campaign contribution variable was significant only for members of the House, but they reported a partial derivative effect of only 0.12 for the House and the Senate. The large and significant effect of *CC* may be a result of the improved and more comprehensive measure of campaign contributions.

The study of voting behavior on a specific bill assumes a direct relationship between the campaign contributions and the vote on the specific piece of legislation.<sup>9</sup> This may be too restrictive as multiple issues arise that are of interest to the contributor. Therefore, the impact may be overstated in studies of one vote. There also is no distinction between votes made in response to PAC contributions and contributions made to support those whose votes are consistent with PAC interests. Thus, there is a simultaneity problem. It seems logical that PACs may not make contributions to politicians who would tend to vote against their interests. If PACs could "buy" votes, then presumably they would spend additional money at the margin to change approximately 10 to 15 votes in the House necessary to ensure passage by overriding the veto. Even if the PACs collectively could not buy votes, the PACs may be rewarding legislators for their loyalty and shared values to maintain access to the legislation in anticipation of future tariff bills in which their support will be needed.

### **Summary**

The analysis of congressional voting on the Textile, Apparel, and Footwear Trade Act of 1990 contributes to our understanding of the political economy of trade policy for the textile and apparel industry. The voting behavior of senators and representatives is significantly influenced by party affiliation, the importance of employment in the textile and apparel industry in the state, and campaign contributions. In addition, the results show that the voting behavior of senators was positive and significantly related to the length of tenure and that the voting behavior of representatives was negative and significantly related to the percentage of agricultural employment in the state.

No direct evidence was found in this study to confirm that a variable that measures the influence of the export sector had an effect on political voting on protectionist legislation. Export manufacturing employment did not have a significant effect on the voting on protectionist legislation. The coefficient estimate on the variable that measures the percentage of a state's agricultural employment, however, was negative and significant, which can be interpreted as indirect evidence that an export sector would influence congressional voting behavior.

### **Notes:**

1. The 1990 votes represented larger majorities than those of the Textile and Trade Enforcement Act of 1985 (Senate vote: 60-39; House vote: 262-159) and the Textile and Apparel Trade Bill (which passed the House by a 263-156 vote in 1987; a nearly identical bill passed the Senate in 1988 by a vote of 59-36).
2. Coughlin (1985) and McArthur and Marks (1988) examined the House vote on the Fair Practices in Automotive Products Act of 1982. Tosini and Tower (1987) examined congressional voting on the 1985 textile bill.

3. If a member of Congress did not vote but had announced a particular position on the bill, then the appropriate response was assigned as a yes or no vote.
4. District-level unemployment is not available for each congressional district that introduces measurement error.
5. A referee noted that export industries should want a higher level of imports, which increases the supply of domestic currency and puts downward pressure on exchange rates (and thus is conducive to export sales).
6. The number of years served in current office ranged from less than 1 year to 49 years for representatives and from 2 years to 36 years for senators. The average tenure for members of the Senate was 11.8 years and a little more than 10.0 years for members of the House.
7. The percentages of campaign contributions that were donated by textile and apparel PACs vary widely among members of both chambers. A total of 39% of the House and 63% of the Senate received no funds from textile-related PACs for the 2-year period prior to the vote. The highest percentages were 4.7% for a representative and 4.1% for a senator. The mean value of CC was 0.33% for House members and 0.20% for senators.
8. A referee noted that the special reciprocity provision allowing countries that bought U.S. exports to have their quotas enlarged may have diminished the threat of retaliation and caused the export coefficient (EXP) to be insignificant.
9. Studies by Keim and Zardkoohi (1988) and Wilhite and Paul (1989) questioned the magnitude of the political influence that PACs have over politicians.

## References

- Baldwin, Robert E. 1985. *The political economy of U.S. import policy*. Cambridge, MA: MIT Press.
- Coughlin, C. C. 1985. Domestic content legislation: House voting and the economics of regulation. *Economic Inquiry* 23:437-48.
- Crume, M., B. Hirsch, and D. MacPherson. 1990. Union membership and contract coverage in the United States, 1983-1988. *Industrial and Labor Relations Review* 44 (October): 5-28.
- Keim, Gerald, and Asghar Zardkoohi. 1988. Looking for leverage in PAC markets: Corporate and labor contributions considered. *Public Choice* 58:21-22.
- Marks, Stephen V 1993. Economic interests and voting on the Omnibus Trade Bill of 1987. *Public Choice* 75:21-42.
- McArthur, J., and Steven V. Marks. 1988. Constituents interest vs. legislator ideology: The role of political opportunity cost. *Economic Inquiry* 26:461-70.
- McArthur, J., and Steven V. Marks. 1990. Empirical analyses of the determinants of protection: A survey and some new results. In *International trade policies: Cains from exchange between economics and political science*, edited by J. S. Odell and T. D. Willett. Ann Arbor: University of Michigan Press.
- Nollen, Stanley D., and Harvey J. Iglarsh. 1990. Explanations of protectionism in international trade votes. *Public Choice* 66:137-53.
- Tosini, S. C., and Edward Tower. 1987. The Textile Bill of 1985: The determinants of congressional voting patterns. *Public Choice* 54:19-25.
- Wilhite, Al, and Chris Paul. 1989. Corporate campaign contributions and legislative voting. *Quarterly Review of Economics and Business* 29 (Autumn): 73-85.