
The Political Economy of Globalization: How Firms, Workers, and Policymakers Are Responding to Global Economic Integration

Precis

Bauer, Raymond A., Ithiel de Sola Pool, and Lewis Anthony Dexter, *American Business and Public Policy: The Politics of Foreign Trade*, 1st edition, (Cambridge: MIT Press, 1963)

A. The Authors

Raymond A. Bauer: Harvard Business School (psychologist)

Ithiel de Sola Pool: MIT, Political Science (political scientist)

Lewis Anthony Dexter: AAAS (sociologist)

B. The Impact of the Study

It has been characterized as one of the classic works on the politics of international trade, which also challenged traditional views of pressure politics and lobbying more broadly. It highlighted the roles played by political communication, information, and ideology in the formation of interests among firms and policymakers.

The study won the American Political Science Association's Woodrow Wilson Award for the best book on government, politics, or international affairs in 1963. Theodore Lowi wrote a lengthy review of the book in *World Politics* in 1964, using it to help outline his famous typology of issue areas (in order to account for the apparent lack of direct evidence of pressure group activity in shaping trade policy).

C. The Empirical Contribution

The core data for the study came from a survey of 903 business executives from U.S. firms, conducted for BPD by the National Opinion Research Center (NORC) in 1954. An initial questionnaire was administered by telephone. This was supplemented with a self-administered questionnaire that was mailed to respondents by NORC in 1955.

The sample was chosen from a list of firms with over 100 employees. The sample was structured to provide for an overrepresentation of large firms (it included 166 of the 200 largest U.S. corporations in 1954), and to provide variation across a range of different types of industries and regions (across which views on trade were expected to diverge).

Interviews were conducted with the highest-ranking firm representative willing to participate in the survey. This was often the president of the company or the chairman of the board of directors, but interviews were also conducted with executive vice-presidents, general managers, and lower-level officials.

The questions were designed to gather data on 4 critical issues:

1. The attitudes of these business leaders towards foreign trade

2. The perceived stakes held by their firms in foreign trade
3. Their sources of information on the trade issue (e.g. reading patterns)
4. The extent of their political activities (e.g. communications with trade associations, representatives in Congress, officials at government agencies)

In addition, BPD conducted over 500 separate (less formal) interviews with trade association representatives, leaders of trade unions, other lobbyists active on the trade issue, members of Congress and their staffs, government officials in related agencies, and journalists.

The evidence gathered from these additional interviews was used for separate case studies of political activities on the foreign trade issue in 8 separate communities, a discussion of the national activities of a variety of trade associations and other organized lobbies, and an analysis of the behavior of members of Congress in dealing with trade legislation (and communications from interested groups).

D. Principal BPD Conclusions

The conclusions BPD drew from this evidence amounted to a wholesale critique of simple “economic determinism” and related models of pressure politics.

They argued that firms face some major, inherent difficulties in determining their own self-interest with regard to the trade issue. Self-interest was not strongly or clearly related to objective economic characteristics of the firms surveyed, they claimed, but was profoundly affected by the information available to individuals and firms and the processes of issue framing and political communication.

Perhaps the most interesting results were derived from a simple test in which they employed a panel of 4 economists to rate the interests of the firms (classified at the 4-digit SIC industry level) as either high tariff, low tariff, mixed, or as having no direct interest in the trade issue. They found a surprisingly weak relationship between the expressed views of firm representatives on the trade issue and the objective interests of the firms as defined by the economists’ ratings. Among large “low-tariff” firms, for instance, the poll showed that 47 percent favored tariff cuts (7 percent actually favored increased tariffs); among the large “high-tariff” firms 12 percent favored higher tariffs (but 21 percent actually favored reduced tariffs).

In general, larger firms were more informed about the trade issue than smaller firms, and received more of their information from specialized sources (e.g. trade associations, industry representatives, and lobbyists) than did smaller firms. Larger firms, and firms with protectionist leanings, were also much more likely to have recently contacted a member of Congress on a trade-related matter. The prospect of loss associated with import competition was a much more powerful stimulus to political action than the prospect of gain via expanded imports.

The evidence on trade associations indicated that the largest and most organized groups were typically so heterogeneous on the tariff issue that they took no stand at all. These associations (and other lobby groups) were often severely constrained by lack of funds, skilled personnel, and specialized knowledge on trade-related issues.

In general, BPD argued, these associations acted less like “pressure groups” and more like “service bureaus,” communicating between firms and members of Congress who shared the same

views on policy. The political activities of firms and groups were directed overwhelmingly towards like-minded or “friendly” politicians, and were rarely (if ever) aimed at persuading or influencing other political actors to alter their positions.