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# PRESIDENTIAL UNILATERALISM IN CONTEMPORARY U.S. TRADE POLICYMAKING: AN ANALYSIS OF THE SECTION 232 TARIFF EXCLUSION PROCESS BY THE TRUMP ADMINISTRATION

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## ABSTRACT

On March 1, 2018, President Trump declared a 25% tariff on certain steel imports by invoking Section 232 of the 1962 Trade Expansion Act. Despite the extraordinary tariff measure, my research with logit regression and negative binomial regression analysis finds that the Trump Administration in its tariff exclusion process favored constituencies with a higher share of the president's supporters and allowed import products from China more likely to receive the exclusions. I argue that the Trump Administration took these contradictory trade actions to achieve multiple goals at the same time: to pressure foreign trade partners and to protect vulnerable domestic industries on the one hand and to avoid hurting domestic users of the tariffed products on the other hand. Prioritizing supporters maximizes the electoral utility of each tariff exclusion. The favorable treatment of Chinese steel imports particularly suggests that domestic electoral concerns were at least as important as foreign policy considerations in the Trump Administration's processing of tariff exclusion requests.

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## Chapter 1: Introduction

In recent years, U.S. trade policy has taken a sharp turn from decades-long painstaking efforts of liberalization to recent confrontational practices of protectionism. Voices espousing the value of liberal institutions such as the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA) have given way to those promoting new tariffs and trade restrictions as a way to protect American economic interests. Among the leading voices of American protectionism in recent years has been President Donald Trump. Winning the White House in 2016 gave President Trump an opportunity to turn his long-held belief about international trade[1] into reality because over the decades the U.S. presidency had

[1] For example, to a crowd of industry executives that gathered in the Wings Club of New York City in 1989, then-Businessman Trump chastised major U.S. trade partners Japan, West Germany and South Korea for being "not our allies", "taking advantage of the United States", and "ripping us off ", suggested exacting "a pound of flesh" from foreign exporters with import tax on goods like cars, and warned that "we're the biggest suckers in the world; we're the biggest dopes in the world…if we get any kinder or gentler, we won't have any America left".
See "Trump Bashes Japanese, West Germans, Says 'We're Suckers'", by Marcy Gordon, Associated Press, November 13, 1989.
https://apnews.com/article/1ad6e9cb3c1f4609f0884701a8abc6f7
In another example, during a visit to Japan in 1993, Trump commented that the Unite States had been represented by "morons" in its past trade negotiations with Japan, and that "the Japanese negotiators have done one of the great tap-tap-taps of all time, keeping the ball rolling, giving absolutely nothing and having the American idiots say, 'Thank you.'"

obtained considerable authority to unilaterally create and adjust U.S. trade policies. Early in his presidency, President Trump started to deploy these authorities, particularly making tariffs his favorite tool to accomplish trade policy goals. By the end of his presidency, the self-proclaimed "Tariff Man" had covered 12% of U.S. imports with high punitive tariffs, a level unseen since the 1930 Smoot-Hawley Tariff Act (Williams et al. 2020, 19; Bown and Zhang 2019). All those remarkable tariff hikes were enforced through presidential unilateralism when President Trump directly went ahead with executive actions to generate his preferred policy outcomes despite the absence of congressional approval.

Among President Trump's most consequential trade policies was the 25% tariff imposed on certain steel imports. It was not the first shot of President Trump's trade war, coming more than a month after his Section 201 tariff action over solar panels and large washing machines (Williams et al. 2020, 8). Nor was it the largest tariff action, easily dwarfed by later tranches of Section 301 tariff action that ultimately covered 360 billion dollars of imports from China by the end of 2019 (Swanson and Rappeport 2020).[2] But it could have been his most extraordinary action.

First, this tariff was the earliest Trump tariff action to provoke a significant market reaction, causing a plunge of the DOW index comparable to what the later and much more extensive waves of Section 301 China tariff would trigger (Egan and Meyersohn 2020; for comparison, see Kuo and Davies 2018; Bayly 2018; Imbert 2019). Second, the Trump

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See "Trump on Tour; Japan Glimpses Art of Tough Talk", by Andrew Pollack, New York Times, August 19th, 1993. https://www.nytimes.com/1993/08/19/business/company-news-trump-on-tour-japan-glimpses-art-of-tough-talk.html

[2] See also: https://ustr.gov/issue-areas/enforcement/section-301-investigations/tariff-actions .

Administration's defense of the tariff was unprecedented and sent shockwaves through the foreign relations community. By invoking Section 232 of the 1962 Trade Expansion Act (which prescribes trade protection measures against national security threats) and covering imports from close U.S. allies, the Trump Administration virtually claimed that products from these allies posed national security threats (Fefer et al. 2021, 6-7 and 67), an assertion that could generate profound foreign policy ramifications. Third, the statutory basis for this tariff action established substantial presidential unilateral authority in a policy area constitutionally assigned to Congress. Section 232 allows a tariff to be imposed by the president if the Commerce Department determines a national security threat and to remain in effect for an indefinite length of time unless further adjusted by the president per se. The overall process of the prescribed tariff action is predominantly executive, centers on the president, and involves scant congressional participation despite Congress's exclusive role in U.S. trade policymaking according to the original constitutional design. Therefore, the legislation of Section 232 amounted to a meaningful change in the institutional evolution of U.S. trade policymaking, and it is probably not a coincidence that this long unused Cold War era legal provision resurrected to become a major tool of U.S. trade policymaking at the age of increasingly unilateral presidency.

Fourth—and perhaps most important—was the nature of the protected economic sector: the steel industry. Ever since the Industrial Revolution, steelmaking as a manufacturing sector has held a special place in American history and culture. Indeed, steel has long been a showcase of national strength and pride. The fast development of the American steel industry in the latter half of the 19$^{th}$ Century contributed to the United States's drastic rise from the Western world's frontier to a globally leading power (Kennedy 1989, Chapter 5, esp. 242-

249). On the eve of and during World War Two, American steelmaking enjoyed additional significant growth as a crucial part of the "Arsenal of Democracy" and occupied as much as one-third of world total capacity before the war and 48.4% by 1950 (Duke et al. 1977, 1; Tarr 1988, 176). Steel literally provided the structure of some of the most prominent symbols of American culture and progress of the 20th century, from the skyscrapers that dominated its largest cities to the muscle cars that roamed its roads.

So, President Trump's unilateral action on the steel tariff was more than an economic move; it was also a symbolic move, meant to signal his commitment to protecting American interests at home and abroad. The chief target of his Administration's trade war was China, whose economic take-off at the turn of the 21st century had produced an economy around 2/3 of the size of U.S. GDP[3] and a steel industry with so much overcapacity that it is believed to have depressed steel price worldwide and threatened the vitality of American steel industry (Fefer et al. 2021, 34-38). But interestingly, while the Trump Administration was imposing tough tariffs on international trade through a presidential unilateral action that sidelined Congress, in another unilateral action that involves equally scarce congressional participation, it was issuing a huge number and percentage of exceptions to domestic companies that used the tariffed products (Fefer et al. 2021, 12), including imports from China. According to a Congressional Research Service (CRS) report, the Commerce Department received 260,450 exclusion petitions for the steel tariff by February 7, 2021,

[3] In 2019, the GDP of China is 14.28 trillion dollars, or 66.6% of the U.S. GDP (21.43 trillion dollars).
See https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2019&locations=CN-US&start=1960.

approving 59% of the requests and denying another 21%; the rest were withdrawn or pending (Fefer et al. 2021, 12). Moreover, data from the Mercatus Center of George Mason University indicate that products from China received conspicuously above-average approval rates in both periods of the tariff exclusion process amid the Trump Administration. The remarkable inconsistency between President Trump's two trade-related unilateral actions calls for an academic explanation.

I argue that the Trump Administration took these contradictory presidential unilateral actions to achieve multiple goals at the same time: to pressure foreign trade partners and protect vulnerable domestic industries on one hand, and to avert hurting domestic users of the tariffed products on the other hand. The multiplicity of policy goals determined that the Trump Administration would simultaneously be ideologically intransigent in keeping the elevated tariffs and politically astute in granting tariff exclusions. When reviewing the tariff exclusion requests from across the country, the Trump Administration would exercise discretion in favor of constituencies with a higher share of the president's supporters to maximize the utility of each tariff exclusion. Domestic electoral consideration is predicted to dominate President Trump's most followed unilateral actions on the international trade issue.

President Trump's trade war is a watershed event. Historically, it signified a pair of first-time changes since the Great Depression: 1) For the first time since the early 1930s, trade protectionists dominated the Republican Party, a development that underscored the marginalization of free traders in both major parties of American politics; and 2) for the first time since early 1930s, the president took the initiative rather than follow Congress to engage in trade restrictions. The groundbreaking 1934 Reciprocal Trade Agreements Act (RTAA) transferred most trade-policymaking power to the president, making the Federal government

a more agile institution in preserving the country's trade interests at home and abroad. Bipartisan support for free trade had remained very strong between the Franklin Roosevelt Administration (1933-1945) and the John Kennedy Administration (1961-1963) and then weakened (Irwin and Kroszner 1999; Irwin 2017).

The challenge to trade liberalization takes root in the electoral politics of the United States. The partisan realignment since the 1960s and the ensuing political polarization slashed the number of competitive regions. Coincidentally, several states that remained competitive despite political polarization and became indispensable for the control of the White House and Capitol Hill were the heavily industrialized, import-competing regions, such as Pennsylvania, Ohio, and Michigan. The considerable, homogenous constituency pressures from these electorally crucial states have made trade protectionist rhetoric and policies more attractive to political elites, including recent incumbent presidents and presidential candidates. For example, the Democratic Party started to take protectionist positions in the 1970s (Karol 2000) as the gradual extinction of the traditionally pro-trade conservative Southern Democrats (Uslaner 2000; Irwin 2017, 658-660) shifted the intra-party balance of power to the side of the manufacturing union-linked Northern Democrats. The Republicans had largely stayed the course of free trade in modern U.S. history, but some of its most anti-communist and security-focused nationalist members occasionally exhibited staunch opposition to trade opening to certain foreign rivals (Ward 2000, 5). The election and the trade policymaking of President Trump continued and reinforced this significant trend of trade protectionism.

The Trump Administration sidelined Congress to take presidential unilateral action both when it was imposing tariffs on international trade and when it was issuing tariff exclusions,

and had drew lots of attention for these and various other unilateral actions to generate direct policy outcomes without explicit congressional approvals. But in reality, this pattern of presidential unilateralism transcends President Trump and characterizes at least two of his predecessors, President Obama, and President George W. Bush. Researchers see presidential unilateralism as one defining feature of the modern presidency (Howell 2003, 2013), and have identified multiple constitutional foundations and a series of practical means to guarantee the operation of presidential unilateralism. Out of this interest emerged a new perspective on presidential power, the Unitary Executive Theory (UET). The theory holds that the U.S. Constitution grants the president broad prerogative and discretionary authority. Legal experts of different ideological orientations including Justice Samuel Alito on the conservative side and Justice Elena Kagan on the liberal side echoed the UET views of presidential authorities, just as U.S. administrations of different political parties proclaimed and practiced expansive presidential authorities.

Unilateral actions fundamentally transform the presidency, making the president a first mover with the agenda-setting initiative and a singular player free from coalition-building (Moe and Howell 1999a; Howell 2005; Lowande and Rogowski 2021). The bar for either adjoining branch to restrict presidential unilateralism is high. The magic number for the legislative branch is the veto-proof two-thirds majority in both chambers (See e.g., *INS v. Chadha*). The federal judiciary features less difficulty in collective action than Congress, but still has either avoided intervening in relevant cases or ruled in favor of the president—by a rate of 83% between 1942 to 1998 (Howell 2013, chapter 6). Both the gridlocked national legislature and the yielding federal judiciary fuel additional presidential unilateral actions. In particular, some researchers have noticed the increasing usage of national security directives

in presidential unilateralism (Cooper 1997, 2002; Dwyer 2002; Gordon 2007) and the continued absence of congressional legislative checks thereof (Cole and Dempsey 2006; Howell 2005; Kaier 1990).

My research contributes to the established literature in several aspects: 1) It illustrates the significant impact of domestic electoral politics on contemporary national leaders and agencies' conduct of U.S. trade policy; 2) It explores the historical pattern of institutional evolution within and between important agencies of the federal government, particularly in terms of congressional-executive relation and presidential-bureaucratic relation. These findings predict a continuous blurring of boundaries between foreign and domestic affairs in the United States and further penetration of the latter into the former in the context of ever-intensifying domestic political polarization and heightened international great-power competition. Therefore, my research adds to the understanding of not only American politics and international relations but other fields such as labor rights and business administration.

The rest of the dissertation will be structured like this: Section II discusses the historical background of modern U.S. trade policymaking; Section III reviews relevant literature on presidential unilateralism and proposes a theory to explain and predict the distribution of the Section 232 tariff exclusions; Section IV conducts statistical analysis on the level of tariff exclusion case to test possible factors that impacted the Commerce Department's adjudication of tariff exclusion requests amid the Trump Administration; Section V analyzes these factors on the level of congressional district; Section VI is the conclusion.

## Chapter 2: The Background of the Trump Tariffs

Since early 2018, the Trump Administration had imposed punitive tariffs and other trade restrictions on U.S. imports worth hundreds of billions of dollars through multiple presidential unilateral actions without congressional consent, provoking equally tremendous retaliations from major U.S. trade partners (Williams et al. 2020, 19). President Trump's trade war is a watershed event. Historically, it signified a pair of first-time changes since the Great Depression: 1) For the first time since the early 1930s, trade protectionists dominated the Republican Party, a development that underscored the marginalization of free traders in both major parties of American politics; and 2) for the first time since early 1930s, the president took the initiative rather than follow Congress to engage in trade restrictions. As the 2016 election of Donald Trump transformed the office of president from the designated free-trade promoter into a unilaterally acting protectionist-in-chief, the New Deal-era design of president-led trade policymaking is being questioned by some congressional members.

Trade protectionism—the idea of restricting foreign competition to domestic industries and employees—has a long and deep tradition in America, promoted by a variety of nationally prominent political figures such as Alexander Hamilton[4], James Madison[5], Daniel

[4] In "The Report on the Subject of Manufactures" on December 5, 1791, Alexander Hamilton, then U.S. Secretary of Treasury, proposed Congress to, among others, impose both "Protecting duties—or duties on those foreign articles which are the rivals of the domestic ones, intended to be encouraged", and "Prohibitions of rival articles or duties equivalent to prohibitions", as "the inducements to the promotion of Manufactures". See https://founders.archives.gov/documents/Hamilton/01-10-02-0001-0007.

[5] James Madison, as the first Speaker of the House of U.S. Congress, sponsored the 1789 Tariff Act, whose aims included, as its first section stated, "…the encouragement and

Webster[6], Henry Clay[7], Abraham Lincoln (Luthin 1944; Magness 2019) and Theodore Roosevelt[8]. It has deep roots in both major parties (e.g., Republicans from northern industrial states like Ohio and Indiana, liberal Democrats in general) and either end of the ideological spectrum (e.g., anti-communists and security-focused nationalists on the right (e.g., Barrett

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protection of manufactures". For the full text of the bill, see https://fraser.stlouisfed.org/title/tariff-1789-hamilton-tariff-5884.

[6] Then U.S. Senator Daniel Webster became a vocal protectionist when his state Massachusetts expanded its manufacturing interest amid a significant rise of cotton textile mills and voted for the controversial 1828 Tariff Act in reversion to his previous pro-trade position (Irwin 2017, 18 and 152).

[7] See the first speech by Henry Clay on the floor of U.S. Senate, "*In Defense of the American System*", on February 2, 3 and 6, 1832, https://www.senate.gov/artandhistory/history/resources/pdf/AmericanSystem.pdf.

According to the website of U.S. Senate, this three-day speech "focused principally on the importance of maintaining protective tariffs" despite complaints of some influential pro-trade Southern politicians. See: https://www.senate.gov/artandhistory/history/common/generic/Speeches_ClayAmericanSystem.htm.

In the speech, Clay went to great length to defend and applaud the highly protectionist of 1816 and 1824 Tariff Act which he helped to draft and pass as House Speaker.

[8] In his unsuccessful 1912 presidential campaign, former president and then Progressive presidential candidate Theodore Roosevelt wrote that "…What we desire in a tariff is such measure of protection as will equalize the cost of production here and abroad…" which "…means primarily a tariff sufficient to make up for the difference in labor cost here and abroad…" so that "[American workers'] wages are not lowered by improper competition with inferior wage-workers abroad—with wage-workers who are paid poorly and who live as no Americans are willing to live…" See: https://ehistory.osu.edu/exhibitions/1912/tariffs/RooseveltTariffArticle.

1997),[9] progressives and environmentalists on the left). On the contrary, significant bipartisan support for free trade had only existed for six decades (1934-1994) in U.S. history, between the commencement of the New Deal and the creation of the North American Free Trade Agreement (NAFTA). The controversial passage of NAFTA and the partisan shifting of the American South in the early 1990s combined to diminish Democrats' support for further trade liberalization (Irwin 2017, 641-643 and 658-660) so much that Congress had to rely on the Republican votes to pass later Trade Promotion Acts (TPAs) even when the sitting president was a Democrat.[10]

The predominant and extended tradition of trade protectionism in American politics produced the historical backdrop for the trade war amid the term of President Trump. For

[9] e.g., In 1997, U.S. Senator Jesse Helms (R-NC), a leading Conservative in Congress, and many other Conservative Republicans from the South and the West opposed renewing Most-Favored-Nation (MFN) status to China. In that year, 79 out of 224 Republican Representatives voted for disapproving China's MFN. See: https://clerk.house.gov/Votes/1997231. The concerns of the opponents to China's MFN status included not only human rights issues like Tiananmen incident and Hong Kong (which was returned to China by the U.K. in that year), but also China's sales of weapons to suspicious countries (Ward 2000, 5).

[10] Two TPAs has been passed in Congress since early 1990s, in the year 2002 and 2015, respectively. In both times, the TPA bill was passed when GOP controlled both chambers of Congress, a majority of GOP lawmakers voted for it, and the majority of Democratic lawmakers voted against it. For the 2015 TPA, please see: https://clerk.house.gov/Votes/2015374 , and https://www.senate.gov/legislative/LIS/roll_call_votes/vote1141/vote_114_1_00219.htm. The final version of the 2015 TPA was attached to an unrelated House bill, H.R. 2146. For the 2002 TPA, please see: https://clerk.house.gov/Votes/2001481 , and https://www.senate.gov/legislative/LIS/roll_call_votes/vote1072/vote_107_2_00207.htm.

today's researchers, both the New Deal-era institutional reform and the Trump-era trade-protectionist presidential unilateral actions are merely the most recent dramatic episodes of a greater, two-and-a-half centuries-long evolution of U.S. trade policymaking, starting with the creation of the U.S. Constitution and involving all the three branches of the federal government. Institutional, electoral, and economic factors contributed to this long-term evolution.

*The Institutional Factor: The Shift of Trade Policymaking Authorities from Congress to President*

Pre-modern U.S. presidents had miniscule trade-related authority. The sustained and considerable empowerment of the U.S. presidency in trade policymaking since the New Deal era was mainly conceived as an institutional way to tackle the trade protectionist impulses that had punctuated earlier U.S. history.

(1) The Era of Congressional Dominance: From the Early Republic to the Great Depression

The U.S. Congress was the major trade policymaker of the country according to the original constitutional design. The Constitution gave Congress the power "to lay and collect Taxes, Duties, Imposts and Excises"[11] and "to regulate commerce with foreign nations"[12], and therefore made U.S. trade policy—then mainly concerning the rates and categories of tariff—a legislative issue from the nation's founding. Congress dominated the area of trade policy throughout the 19th and early 20th centuries when members of Congress bargained in committees and caucuses and exchanged support for each other's proposal to create

[11] See U.S. CONST. art. I, § 8, cl.1, or "The Taxing and Spending Clause".

[12] See U.S. CONST. art. I, § 8, cl.3, or "The Commerce Clause".

comprehensive tariff bills. Indeed, the establishment and adjustment of tariff rates did not look much different from other forms of pork-barrel politics that always filled the agenda of the national legislature (Hansen and Prusa 1996, 1997).

The major division over trade policy at the time of the Early Republic was regional, existing between the more industrial North and the mainly agricultural South. The former, represented first by the Whigs and then by the Republicans, wanted high tariff barriers to protect its nascent manufacturing sectors including steelmaking. At the same time, the latter, dominated by the Southern Democrats, was committed to lowering U.S. tariffs in exchange for better foreign market access for its agricultural exports (Dobson 1976, 49-66; Irwin 2017, 1-27). Because of this considerable regional and partisan disagreement of policy orientation, this age typically witnessed drastic changes in the average tariff rate for the country when one party seized complete control over Congress and the White House (Hansen and Prusa 1996, 1997).

A half-century-long industrialization since the end of the Civil War built the United States into a world-leading economic power at the turning point of the 20th century. When most of America's manufacturing sector including steelmaking grew increasingly competitive both at home and abroad and started to eclipse its major rivals, the British producers, high tariffs lost their value in helping domestic manufacturers and saw its support from the steel industry shrinking (Kennedy 1989, Chapter 5; Irwin 2017, 313-317). However, congressional dominance of U.S. trade policy amplified the influence of trade protectionists and prolonged high tariffs for another three decades.

Congress gave up its long-term monopoly of U.S. trade policymaking amid the New Deal era after it failed to address the issue of international trade properly when the Great

Depression hit. In the 1930 Smoot-Hawley Tariff Act[13], Congress clumsily attempted to protect domestic industries from foreign competition through a constellation of high tariffs (Dobson 1976, 33-35; Irwin 2017, 371-410). This move lifted the national average tariff to a historical height, triggered widespread foreign retaliations, and was believed to have greatly worsened and prolonged the Great Depression. The Smoot-Hawley Act is the last piece of congressional legislation to set specific tariff rates.

(2) The Reciprocal Trade Agreements Act and the Early Post-War Trade Liberalization

The ramifications of the Smoot-Hawley Act exposed Congress's inability to formulate a reasonable and coherent trade policy for an increasingly diverse and internationally connected economy, especially at a time of economic crisis when swift and visionary actions were necessary. A nation that had grown so much in size and complexity from when first established required a transition of its national government from a Congress-centered to a president-centered institution and expected more presidential initiative at the time of congressional ineptitude.

The groundbreaking 1934 Reciprocal Trade Agreements Act (RTAA) facilitated this transition.[14] Based on strong bipartisan support, this legislation delegated to the president the authority to negotiate tariff reductions with U.S. trade partners on a bilateral and reciprocal level and to implement the agreed tariff reductions through executive orders. To keep Congress relevant in U.S. trade policymaking, the effective time of the authorization was limited to three years, and the renewal of the delegation needed new congressional approval. The legislative intent of the bill was to temporarily transfer most trade-policymaking power

[13] 19 U.S. Code CHAPTER 4—TARIFF ACT OF 1930

[14] 19 U.S.C. §§ 1351–1354

to the president, making the Federal government a more agile institution in preserving the country's trade interests at home and abroad. With the passage of this bill came the period of president-led trade policymaking.

*The Electoral Factor: Polarization and Diminishing Competitive Districts*

Bipartisan support for free trade had remained very strong between the Franklin Roosevelt Administration (1933-1945) and the John Kennedy Administration (1961-1963) and then was weakened by factors such as partisan realignment at home and economic development abroad (Irwin and Kroszner 1999; Irwin 2017). The challenge to trade liberalization takes root in the electoral politics of the United States. The partisan realignment since the 1960s and the ensuing political polarization slashed the number of competitive regions and left a few states and districts exceptionally influential in federal elections.

One prominent reason for diminishing marginals is electoral sorting. Unlike in the early post-war era when the two major parties ideologically overlapped with each other in the middle and both had a liberal and a conservative wing of voters, in recent decades, most liberals voted for the Democratic Party, and most conservatives identified with the Republican Party. As a result, splitting votes between candidates of different parties is less common than decades ago. Electoral sorting slashes the ideological spectrum of the two major political parties and makes contemporary federal officeholders ideologically more approximate to their co-partisans and more different from the opposition (Theriault 2008). Examples of electoral sorting include the extinction of the Southern Democrats and the Northeastern/Midwestern Republicans (Han and Brady, 2007; Fiorina and Abrams, 2008).

Electoral sorting is self-reinforcing by generating a decline of sectionalism within the

parties, a closer alignment between party identification and policy preferences, and an unbridgeable political cleavage between the two major parties, and the creation of a new American party system after the 1970s (Pomper 1971; Schlesinger 1985; Abramowitz and Saunders 1998). This change strengthens rather than disintegrates America's two major parties. When compared to the early postwar years, the Democratic Party has become more liberal as the party won a higher percentage of elections in the North and has obtained a larger percentage of its congressional seats from the North (Brewer, Mariani, and Stonecash; 2011). At the same time, the rise of neo-conservativism and socio-religious conservatism has pushed the Republican Party further to the right as the South switches to the GOP (Sinclair 2006). Therefore, contemporary voters can more easily grasp the differences between the two major parties and find ideological comrades in one rather than both parties and give more weight to party IDs when deciding votes (Hetherington 2001; Hill and Tausanovitch, 2015). Growing partisanship in the process of electoral sorting reduces the number of competitive districts and states.

Another reason for diminishing marginals is geographical sorting. Some scholars believe that political polarization results from voters concentrating into ideologically homogeneous communities and creating safe districts or states for Congress members. An analysis of presidential votes between 1976 and 2004 indicated a nearly doubled rate of voters who live in counties where one of the presidential candidates beat the other by more than 20 percentage points--from 26.8 percent in 1976 to 48.3 percent in 2004 (Bishop 2004). Since the 1960s, Democrat votes have increasingly come from urban, lower-income, and heavily minority districts that are ideologically liberal, while Republican votes are more likely to root in suburban-rural, higher-income, white districts that are ideologically

conservative (Brewer, Mariani, and Stonecash; 2002). Geographical clustering of like-minded partisans makes it harder to delineate party-competitive Congressional districts and lifts the partisan composition of Congressional districts as well as states (Oppenheimer 2005).

The partisan realignment since the 1960s and the ensuing political polarization slashed the number of competitive regions and left a few states and districts exceptionally influential in federal elections. Data from Dave Leip's Atlas of U.S. Presidential Elections indicate that the number of competitive states (defined as states where the difference of the two-party vote share/favorability is less than 10%) was 31 in 1960, 26 in 1988, 15 in 2008, and 14 in 2012. This plunge of electoral competitiveness transpired in states across all ranges of population and all sizes of the Electoral College. For example, in the election cycle of 2012 when then-businessman Trump was very close to announcing a presidential run but eventually didn't, the major parties' presidential or vice-presidential candidates visited only 12 states for public campaign events after both parties finished their presidential nomination (Olson 2015).

Coincidentally, several states that remained competitive despite political polarization and became indispensable for the control of the White House and Capitol Hill were the heavily industrialized, import-competing regions, such as Pennsylvania, Ohio, and Michigan. The disproportionally great influence of these trade-skeptic manufacturing areas nullified the RTAA's main argument for transferring trade policymaking authorities from Congress to the president, that the latter was the sole federal officeholder elected by the national population and therefore was more capable of representing the entirety of national interests. As a matter of fact, for at least two decades before the 2016 election, the American presidency had not been determined by a national constituency with diverse interests but by a narrow slice of

states that shared import-competing industrial structure and trade-sceptic policy stance. The considerable, homogenous constituency pressures from these electorally crucial states have made trade protectionist rhetoric and policies more attractive to political elites, including recent incumbent presidents and presidential candidates. For example, the Democratic Party started to take protectionist positions in the 1970s (Karol 2000) as the gradual extinction of the traditionally pro-trade conservative Southern Democrats (Uslaner 2000; Irwin 2017, 658-660) shifted the intra-party balance of power to the side of the manufacturing union-linked Northern Democrats. The Republicans had largely stayed the course of free trade in modern U.S. history, but some of its most anti-communist and security-focused nationalist members occasionally exhibited staunch opposition to trade opening to certain foreign rivals (Ward 2000, 5).

The ever-evolving domestic views about trade liberalization did not stop additional congressional delegation of trade policymaking power to the president. In general, post-war trade legislation featured augmenting the president and the executive branch's roles against the backdrop of persistent Congressional influence. Congress retained significant oversight, legislative, and personnel confirmation power concerning trade issues. For instance, the 1962 Trade Expansion Act[15] and the 1974 Trade Reform Act[16] extended and solidified the president and the executive branch's broad authority in trade policymaking to enable further trade liberalization, while at the same time incorporating several president-led trade protection clauses to alleviate concerns from import-competing domestic sectors and groups. Some of those clauses, such as Section 232 of the 1962 bill and Sections 201 and 301 of the

[15] 19 U.S. Code § 1862 - Safeguarding national security

[16] 19 U.S. Code CHAPTER 12—TRADE ACT OF 1974

1974 bill, empowered the president to unilaterally initiate trade sanctions or retaliations without explicit congressional endorsement. Multiple subsequent presidents invoked them as statutory bases to take unilateral actions in the intermittent trade conflicts amid this era.

*The Economic Factor: The Decline in Manufacturing Employment*

The U.S. manufacturing sector found itself at a historic peak in the early postwar years. In 1950, the United States produced 60% of the world's manufactured goods (Branson, Giersch and Peterson 1980, 4). The leading status of the United States was particularly prominent in capital-intensive industries. America produced 50% of the world's steel (Tarr 1988, 175) and 75.7% of the world's motor vehicles (Vehicle Technologies Office 2010) in 1950, 40% of the world's machine tools in 1955 (Carlsson 1983, 13), and 50% of the world's airplanes between 1951 to 1955 (Kuzmin 2018, Figure 12, 18). Through the late 1940s and the 1950s, American steel producers remained internationally competitive. The dominance of U.S. manufacturing products in the world market was accompanied by strong bipartisan support for trade liberalization since improving market access to foreign nations would make domestic producers and employees better off.

The revival of other industrialized nations reduced the weight of U.S. manufacturing in world production in later decades: the European Community increased its steel production by two times between 1950 and 1970, Japan added another 100 million tons of production between 1960 and 1973, and the United States became a net importer of steel in 1959 (Tarr 1988, 175). Other unfavorable factors such as the ever-increasing activism from the unionized steelworkers further slashed the edge of American steel producers. In 1952 when the Korean War was raging on, the United Steelworkers (USW) organized a 53-day strike

that involved 560,000 workers (U.S. Bureau of Labor Statistics 1952) and prompted President Truman to nationalize some steel factories (Truman 1952) in a move later decided unconstitutional by the U.S. Supreme Court.[17] In 1959, USW conducted the largest work stoppage in US history (Smemo, Sonti and Winant 2017) which lasted for 116 days, involved 519, 000 workers, and 41, 900, 000 man-days of idleness (U.S. Bureau of Labor Statistics 1959). President Eisenhower stated that the strike had "closed 85 percent of the nation's steel mills, shutting off practically all new supplies of steel."[18] This unprecedented supply-chain disruption forced domestic users of steel to seek reliable suppliers overseas and caused an immediate spike in steel imports to the U.S. market, which proved to be irreversible damage to domestic steel producers in the following decades (Tiffany 1988; Moore 1996, 4).

While declining from its postwar peak, the American steelmaking industry gradually transformed into a vocal advocate for trade protectionism after the late 1950s. For example, the steel industry voiced its opposition to the 1974 Trade Act with various other import-sensitive industries (Irwin 2017, 550). To protect its steel industry from surging import competition, the U.S. requested and achieved with the newly formed European Economic Community (EEC, the predecessor of the European Union or the EU), Japan, and other major steel exporters several voluntary restriction agreements (VRAs) (Mendez et.al. 1985; Rousslang et.al. 1989). Decades later, this form of quantitative trade restriction would be once again utilized by the Trump administration as a substitute for punitive tariffs on a few occasions. American steel producers and workers have remained an active and pivotal part of the country's trade-protectionist coalition until today.

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[17] *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U.S. 579 (1952)

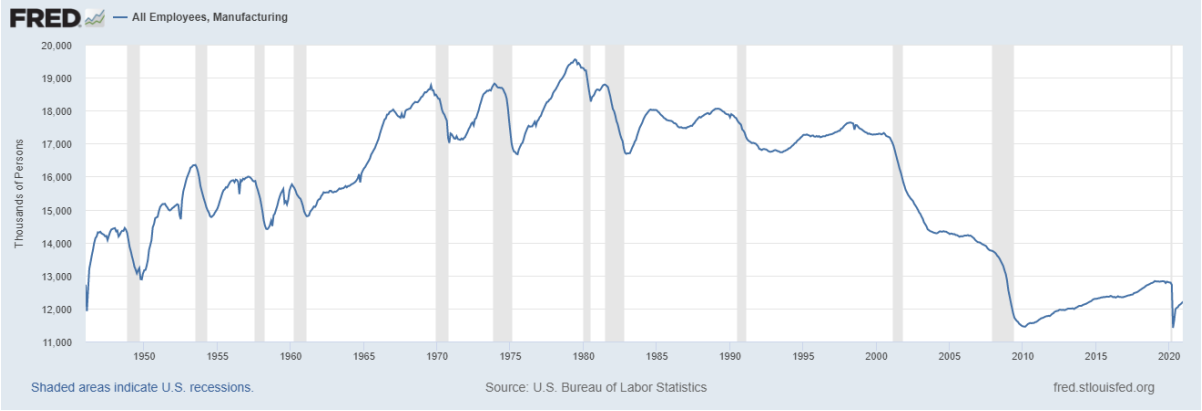
[18] *Steelworkers v. United States*, 361 U.S. 39 (1959)

In particular, the drastic development of Japan in particular sparked significant trade attritions with the U.S. in the 1980s and early 90s, ranging from steel, and automobile to microelectronics (Grier 1992; Yoshimatsu 1998; Satake 2000; Zeng 2004). Japan's export-oriented growth model featured deep and wide government intervention in a capitalist economy. The economic achievement of postwar Japan provoked extended debate about the appropriate role of government in promoting national economic interests while inspiring multiple countries including post-Mao China on economic development. Unsurprisingly, various parallels can be found between the U.S.-Japan trade disputes decades ago and the U.S.-China disputes in recent years, including the issues in focus, the rhetoric of the participants, the invoked legal instruments, and the underlying political factors (Bown and McCulloch 2009; The Economist 2019; Griffiths 2019; Urata 2019).

Overall, continual trade disputes did not inhibit deepening trade liberalization in the first five decades after World War Two. The lack of an enforceable settlement mechanism on multilateral trade disputes made unilateral protectionist actions inevitable, but cross-border commerce continued to balloon. As Figure 2-1 shows, total trade volume as the share of gross domestic product (GDP) rose consistently worldwide in both developed and developing countries between 1960 and 1995. A possible reason for the lasting free trade of this period is that the U.S. manufacturing sector including the capital-intensive industries remained employment-resilient despite increasing trade openness. For instance, Figure 2-2 illustrates a much better picture of U.S. manufacturing employment between 1946 and 1995 than in the first two decades of this century.

***Figure 2-1: Trade as a Share of GDP, 1960-1995***


***Figure 2-2: U.S. Manufacturing Employment, 1946-2020***




The year of 1994 marked a new age of international trade. Decades-long efforts of multilateral negotiations in combination with the end of the Cold War produced two paramount trade deals in that year--the North America Free Trade Agreement (NAFTA) and the World Trade Organization (WTO). The establishment of the WTO was especially an

endeavor to solve trade conflicts through an internationally recognized institution[19] and achieved great success. In the first two decades of the WTO, unilateral trade protections did become rare. When the sharp decline of the American steel industry around the turn of the century triggered a Section 201 tariff action by the George W. Bush Administration, it persisted for less than one year (Hufbauer and Goodrich 2001; Tran 2003).[20]

Comprehensive trade liberalization engendered a comprehensive economic transition. Multilateral trade organizations such as the WTO initiated an unprecedented international shifting of manufacturing supply chains by bringing developing countries into the world economy. Pursuing higher rates of return based on cheap resources and loose regulations, capitalist investment brought manufacturing production far beyond the borders of the industrial world. For instance, China joined the WTO in December 2001 and its economy skyrocketed in the following decade: by December 2011, China became the 2nd largest economy in GDP terms, the largest merchandise exporter, and the number one destination for inward foreign direct investment (FDI) among developing countries, with its manufacturing sector more than quadrupled and its automobile production reached an annual growth of 23% in this period.[21]

As China developed its manufacturing sector at an impressive pace, it started to draw international attention to some of its controversial trade practices. Some researchers

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[19] The formal name of this WTO institution is the Dispute Settlement Mechanism (DSM).

[20] Between 1997 and 2001, companies representing 1/3 of contemporary U.S. steel production capacity filed for bankruptcy. See also https://georgewbush-whitehouse.archives.gov/news/releases/2002/03/20020305-6.html .

[21] Permanent Mission of China to the WTO, "China in the WTO: Past, Present and Future," 2011, p. 7, 13 and 22. https://www.wto.org/english/thewto_e/acc_e/s7lu_e.pdf .

demonstrated that import competition from China had caused a 2-2.4 million total job loss in the United States or a 560 to 985 thousand job loss in the U.S. manufacturing sector between 1999 and 2011 (Acemoglu et al. 2014; Autor, Dorn and Hanson 2016). The Chinese state committed particular policies and resources to building a series of heavy industries that are capital and or technology-intensive, such as steel, automobile, and shipbuilding.[22] The United States argued that:

> "In manufacturing industries such as steel and aluminum, China's economic planners have contributed to massive excess capacity in China through various government support measures. For steel, the resulting over-production has distorted global markets… Excess capacity in China hurts various U.S. ind." (ries and workers not only through direct exports from China to the United States but also through its impact on global prices and supply, which makes it difficult for competitive manufacturers throughout the world to remain viable."(Office of USTR 2021, 100)

In response, the United States led multiple international forums[23] to address worldwide steel

[22] E.g. The Guidelines of the Eleventh Five-Year (2006~2010) Plan of the People's Republic of China, Chapter 11 and Chapter 13, Section 1. https://policy.asiapacificenergy.org/sites/default/files/11th Five-Year Plan %282006-2010%29 for National Economic and Social Development %28EN%29.pdf

[23] E.g. President George W. Bush, "Statement by the President Regarding a Multilateral Initiative on Steel," June 5, 2001, https://georgewbush-whitehouse.archives.gov/news/releases/2001/06/20010605-4.html.

U.S. Department of the Treasury, "2016 U.S.-China Strategic and Economic Dialogue U.S.-Fact Sheet," June 7, 2016, https://home.treasury.gov/news/press-releases/jl0485.

production overcapacity and to relieve unfair foreign competition to the American steel industry, but the effort yielded little result.

The Chinese state-led programs of developing industrial national champions triggered significant concerns in the United States partly because heavy industries, in contrast to light industries such as textile, apparel, and footwear, are more conducive to politicization thanks to their central roles in underpinning both national security and national identity. First, heavy industries are crucial to the country's national defense, comprising an integral part of the defense production supply chains. According to a report done by the Congressional Research Service (Nicastro 2023, 12), the sector that manufactures metals, machinery, computers, electronics, and related items (NAICS code 33) undertakes 37.94% or the highest share of U.S. Department of Defense contracting actions by total value.

Second, the progress of heavy industries constitutes an outsized portion of modern U.S. history and the American identity. Compared to foreign peers that trace their heritage deeply back to the premodern agrarian time, America has a much greater share of its national history transpiring in the Industrial Age and earned the status of world power when it grew into the world's top industrialized manufacturer (Duke et al. 1977, 1; Kennedy 1989, Chapter 5, esp. 242-249; Tarr 1988, 176). This unique historical experience secures a prominent position for U.S. manufacturing in the country's national identity and facilitates the politicization of

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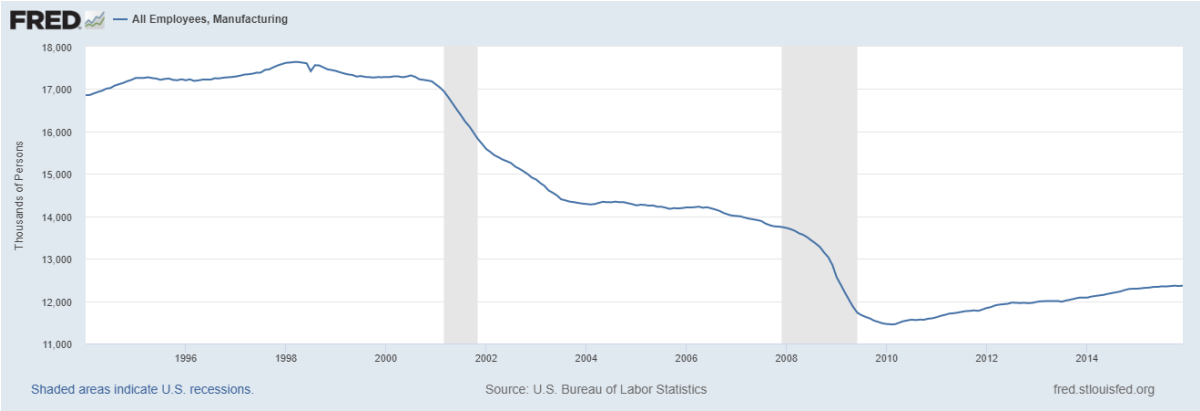
The White House, "Fact Sheet: The 2016 G-20 Summit in Hangzhou, China," September 5, 2016, https://obamawhitehouse.archives.gov/the-press-office/2016/09/05/fact-sheet-2016-g-20-summit-hangzhou-china.

European Commission, "Steel: Commission Welcomes New Global Forum to Tackle Root Causes of Overcapacity," December 16, 2016, https://ec.europa.eu/commission/presscorner/detail/en/IP_16_4435.

manufacturing-related issues in national discourse. The strong and continual impulses of trade protectionism throughout post-war America reflect the political weight of the manufacturing sector (Dobson 1976; Irwin 2017, Chapter 11 and 12). Heavy industries produce the core elements of the American way of style, from the skyscrapers that dominated its largest cities to the muscle cars that roamed its roads. Thus, the international competition in heavy industries is a clash of national identities that could entail far-reaching sociopsychological effects and propel political mobilization.

Multiple advanced economies endured massive deindustrialization amid the impressive globalization of manufacturing supply chains in recent decades. According to Figure 2-3, U.S. manufacturing employment dropped by around 36% from the year 1994 when multinational negotiations reached the North American Free Trade Agreement and established the World Trade Organization, to the year 2015 when Donald Trump declared his presidential candidacy. Although several studies have found technological advancement to be the major factor for job reduction in the United States (Autor and Dorn 2013; Autor, Dorn and Hanson 2013; Brynjolfsson and McAfee 2014; Graetz and Michaels 2015; Ford 2015; Acemoglu and Restrepo 2017), trade liberalization is frequently scapegoated for unemployment in U.S. public policy debate (Dobson 1976; Irwin 2017).

***Figure 2-3: U.S. Manufacturing Employment, 1994-2015***



Worldwide, the similar decline in domestic manufacturing employment has been accompanied by a surge of populism in domestic politics (Emery 2019; Calhoun 2020; High 2020; Broz, Frieden and Weymouth 2021), such as the Scottish independence movement (Gibbs 2021; Phillips et al. 2021), Brexit (Clarke and Newman 2017; Mahoney and Kearon 2018), and the rise of the nationalist-populist party National Front in France (Erlanger 2012; Lory 2017). If this politico-economic pattern of the postindustrial world applies to the United States, the long-term decline of the U.S. manufacturing sector as a share of national employment should generate no less substantial impact in American politics.

*The Trump Tariffs: A Nationalist Populist Response to Manufacturing Employment Decline*

The 2016 presidential election represented a watershed moment in US trade policy. In the political cycle of 2015-2016, international trade rose to a high-saliency issue trade, energized protectionists in both parties, ignited a great number of high-profile debates and disagreements, and affected the electoral outcomes of several key swing states in the 2016 presidential election (e.g., Alden 2016).

Interestingly, the man who has added most fuel to the recent resurgence of trade protectionism is not a victim of free trade himself, but someone who had gained tremendous wealth and publicity amid the peak of globalization. In the 2016 election, Donald J. Trump, a businessman and TV celebrity from the city of New York who had never run for public office, became the voice for trade protectionists and won stunning victories first in the Republican primary and then in the presidential general election (Schlesinger 2018). As a presidential candidate, Trump blamed trade liberalization for the goods trade deficit and the manufacturing job/wage loss that had plagued the U.S. for several decades (e.g. Trump

2016a, 2016b and 2016c), and promised high punitive tariffs as both a protect for domestic industries and a way to renegotiate free trade deals (Trump 2015a; Haberman 2016).[24] His vehement opposition to the status quo of the international trade system easily distinguished himself from his major rivals such as Governor Jeb Bush, Senator Marco Rubio, and Secretary of State Hillary Clinton, all of whom generally supported existing international trade deals and post-war bipartisan consensus of trade liberalization.

Notwithstanding the plentiful media coverage about the Trump campaign in the 2015-2016 political cycle, the resurgence of trade protectionism he represented was not taken as seriously. Many considered Trump's anti-trade talking points during the election as the political theater to mobilize economically grieved and/or culturally antagonistic voters, rather than a serious policy position (e.g., Worstall 2016, Gandel 2016, Tan 2016, Kolko 2016). Once coming into office, they reasoned, Trump would be occupied with the delivery of campaign promises more closely associated with an incumbent president's approval ratings and chances of reelection, such as "more jobs" and "good economy" (e.g. Trump 2016a and 2016c).[25] He would therefore refrain from implementing the radical unilateral trade actions that he had repetitively threatened, and instead seek gradual reformation of the existing system through bilateral or multilateral negotiations, as some of his predecessors had done.[26]

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[24] See also https://www.cnn.com/2016/03/10/politics/republican-debate-transcript-full-text/ .

[25] Then candidate Trump also touted "Jobs, Jobs, Jobs" and "Good Economy" as his major policy goals in most of his campaign rally through the 2015-2016 presidential race.

[26] The short-lived Section 201 tariff action on steel products by the George W. Bush administration is an example. As another example, Bill Clinton promised to link China's trade status to the country's human rights conditions as presidential candidate in 1992, but

The protectionist view of the new president proved much more entrenched than those viewers predicted.

On March 1, 2018, President Trump declared a 25% tariff on certain steel imports (and later a 10% tariff on certain aluminum imports) by invoking Section 232 of the 1962 Trade Expansion Act. This presidential unilateral action took the market and the media completely off guard, triggered Dow Jones to lose more than 400 points within one day (Egan and Meyersohn 2018), and marked a significant escalation of his trade war. Before this move, President Trump had already directed the imposition of tariffs on solar panels from China and washing machines from South Korea as a safeguard measure authorized by Section 201 of the 1974 Trade Reform Act. Three months later, President Trump refused a deal offered by China with a commitment to curbing its steel production overcapacity and increasing its purchase of American commodities and started to impose the first tranche of punitive tariffs on Chinese imports. Within one year, President Trump's China tariff would add another three tranches and eventually cover 360 billion dollars out of the 550 billion dollars of total Chinese importation (Swanson and Rappeport 2020). Each of these tariff actions provoked significant retaliations from major U.S. trade partners, supply chain relocations across borders, and volatilities across different sectors of the financial market (Williams et al. 2020; Fefer et al. 2021, 25-30; Bayly 2018; Imbert 2019; Zumbrun 2021). In addition to those radical unilateral trade actions, the Trump Administration repetitively rejected calls to solve these and other trade disputes within the WTO's framework originally envisioned by the United States per se and effectively paralyzed the dispute-solving mechanism of the WTO by

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reversed his position in 1994, two years after his first presidential election (Kristof 1992; Friedman and Sciolino 1994).

persistently blocking the nomination of its appellate judges, making it very unlikely to reach a multilateral solution to those trade disputes in the near term (Williams et al. 2020, 44-48; Hart and Murrill 2022, 2-3).

Not surprisingly, the Section 232 tariff action soon met with wide and fierce opposition both at home and abroad, some because of its extensive scope (covering imports from top U.S. trade partners) and others because of its controversial pretexts (claiming that imports from key U.S. allies constitute national security threat). Some tariff opponents were politically influential downstream users such as the U.S. automobile industry (e.g., Dawson and Colias 2018; Carey 2019). For example, the CEO of Ford Corporation contended that the Trump tariffs on steel and aluminum would cost his company 1 billion dollars within one year because Ford's domestic suppliers of metals had raised prices in response to the tariffs (Carey and Shepardson 2018).

To alleviate the economic and political detrimental impacts of its flagship trade protectionism action, the Trump Administration announced a product-specific tariff exclusion process. Just as the imposition of the steel tariff circumvented Congress, the establishment of the tariff exclusion process invited trivial congressional participation. The Commerce Department and its Bureau of Industry and Security (BIS) were charged with overseeing both the Section 232 steel tariff and its exclusion process. Since April 2018, the Commerce Department has received and decided hundreds of thousands of product exclusion requests and is continuing to do so. The process confronted a series of controversies including alleged influence by external interested parties over Commerce's handling of tariff exclusion cases (e.g., Rice 2019; Walorski 2019a, 2019b and 2019c). This possible existence of unprofessional biases further fueled my speculation that the tariff exclusion process,

essentially a presidential unilateral action, could be politicized to reward President Trump's supporters and facilitate his re-electoral efforts.

*A Brief Summary*

Two and a half centuries' history of U.S. trade policymaking indicates that trade protectionism has been the norm rather than the exception as a policy orientation of the country. The trade restriction moves of the Trump Administration is only the newest chapter of this multi-century-old protectionist story. Throughout U.S. history, however, the president has generally been more trade-friendly than Congress, a key factor that had convinced Congress to transform U.S. trade policymaking from a Congress-dominated process to a president-led one for the sake of trade liberalization. President Trump's trade war challenged the wisdom of this institutional transformation. A congressional revision of the presidential power on trade policy was suggested by some lawmakers (Williams et al. 2020, 53-55) but remains unlikely amidst the contemporary ascendancy of trade protectionists in both major parties. Further, the joint opposition to the established international trade system from both the Trump Republicans on the right and the liberal Democrats on the left—the few things on which polarizing political elites can agree with each other these days—will make any future effort to roll back the Trump-era trade barriers a procedurally difficult and politically risky battle. In the context of boiling trade protectionist sentiment entrenched in national and congressional politics, future U.S. administrations are likely to act alone rather than seek congressional cooperation when they attempt to placate voter groups negatively impacted by and opposed to elevated trade barriers and to find presidential-unilaterally distributed tariff exclusions as the most effective tool to alleviate the presidential-unilaterally imposed tariffs.

Consequently, whether the host of the White House is internationally oriented or domestically focused, trade liberalizing or trade protectionist, presidential unilateralism will consistently grow its importance in U.S. trade policymaking.

## Chapter 3: Literature Review--Presidential Unilateralism

*Introduction*

In March 2018, President Trump imposed a 25% tariff on all U.S. importation of certain steel products. The tariff action was impactful not only on the national economy and international trade but also on domestic elections and federal institutions. The steel tariff action was technically based on a long-unused law provision legislated half a century ago to address Cold War-era national security concerns—Section 232 of the 1962 Trade Expansion Act. The Trump Administration's usage of this legislation was extraordinary.

After reflecting on the history of U.S. trade policymaking, a literature review about modern presidential powers will further our understanding of the Trump Administration's Section 232 steel tariff actions and help me build a theory to interpret its operation of the tariff exclusion process.

*Section 232 and Presidential Unilateralism*

One factor that makes this trade action institutionally remarkable is that the Trump Administration greatly expanded the scope of national security in prosecuting the trade action despite the earlier precedents invoking the same legal provision and the congressional intent on this steel trade dispute.

Before the Trump Administration, the U.S. government initiated a total of twenty-six Section 232 investigations and found national security threats in nine cases (Fefer et al. 2021, 8-9, 65-68). Eight of the nine cases pertained to the importation of crude oil and petroleum products, and the president took action in five of these cases. The first three actions addressed the market turbulence after the 1973 oil crisis and did not involve the imposition of tariffs.

The last two actions aimed to sanction foreign rivals such as Iran (1979) and Libya (1982). In the other three of the eight cases, the Commerce Department determined the existence of a national security threat from certain petrol imports but did not recommend presidential actions, and the president followed the Commerce advice by not taking action. Before President Trump, a U.S. president only utilized the Section 232 authorities to restrict the importation of manufactured products in one case in 1986. In that case, President Reagan refrained from imposing tariffs but negotiated voluntary restriction agreements (VRAs) with Japan and Taiwan that curbed their exports to the United States (Reagan 1986a & 1986b).

In contrast, President Trump's Section 232 trade action is very different. In the stage of trade investigation, the Commerce Department of the Trump Administration adopted a definition of national security first used in a 2001 trade dispute, which was more extensive than the one chosen in the Section 232 investigations before that (Fefer et al. 2021, 11). When President Trump decided to impose the tariff based on the findings and recommendations of Commerce's investigation, the tariff action was announced to include multiple U.S. treaty allies such as the U.K., Germany, and Japan. Canada, a country statutorily prescribed as part of the U.S. defense industrial base,[27] still saw its products covered by the tariff. This trade action had a profound impact on both U.S. foreign policy and U.S. federal institutions.

The extraordinary move on the trade front by the Trump Administration drew widespread opposition from Congress. Senator Chuck Grassley (R-IA), then-Senate Finance Committee Chair, led a bipartisan legislative effort to restore some congressional authority that was delegated to the president through Section 232 (Rodriguez 2019; Cassella 2020).

[27] U.S. Code, Title 10, Chapter 148, Section 2491(1)

Other legislative proposals on Section 232 amid the Trump Administration that aimed to shift the balance of congressional-executive powers in favor of the Congress include: *Promoting Responsible and Free Trade Act of 2019* (H.R. 3673), *Reclaiming Congressional Trade Authority Act of 2019* (S. 899/ H.R. 3477), *Trade Security Act of 2019* (S. 365/H.R. 1008), *Bicameral Congressional Trade Authority Act of 2019* (S. 287/H.R. 940), and *Global Trade Accountability Act of 2019* (H.R. 723/S. 1284). Sponsors of these bills range from prominent Democrats such as Senator Dianne Feinstein (D-CA) and Senator Tim Kaine (D-VA) to conservative Republicans like Senator Mike Lee (R-UT), Senator Pat Toomey (R-PA) and Congressman Mark Meadows (R-NC).

To alleviate the economic and political detrimental impacts of its flagship trade protectionism action, the Trump Administration announced a product-specific tariff exclusion process. Similar to the steel tariff, the tariff exclusion process had no comparison in U.S. history and involved scant congressional participation. Diverging from congressional intent while lacking established precedents, both the tariff action and tariff exclusion process qualify as a particular form of U.S. policymaking—presidential unilateralism.

Presidential unilateralism, as a hallmark of the modern presidency, transpires in a wide range of policymaking domains including the issue of international trade. Presidential unilateralism marks the newest chapter of a multi-century institutional evolution throughout U.S. history in which the president and the executive branch consistently expand authority relative to the adjoining branches of the federal government. In U.S. tariff and trade policymaking, the Congress-to-president power shift had accelerated since the New Deal. After the turn of the 21$^{st}$ century, presidential unilateralism further escalated and persisted across multiple administrations. Although the trade-related presidential unilateral actions

noted in Chapter 2 mainly derive their authority from congressional delegatory statutes, presidential unilateralism can claim not only the statutory basis but also the constitutional ground, and often provokes controversies far beyond the merits of a particular policy.

As head of the executive branch of the U.S. government, the U.S. president engages in various activities every day, some of which require cooperation from the adjoining branches, while others do not. A high portion of the presidential unilateral activities are mainly administrative or symbolic, such as ceremonial speeches/statements and routine personnel appointments. The rest are more substantive in the sense that they can generate direct policy outcomes, and, because of their different policy effect, comprise a separate category of presidential behaviors that draw the attention of many presidential scholars (e.g., Ansolabehere and Rogowski 2020; Dodds 2013; Judd 2017; Kang 2020; Moe and Howell 1999a, 1999b; Rogowski 2019; Turner 2020). For this research, only those unilateral presidential activities associated with direct policy outcomes are defined as presidential unilateral actions.

Presidential unilateral actions offer the alternative to the traditional way of presidential policymaking, **the legislative approach**, through which the president attempts to push his/her proposal through the committees and chambers of Capitol Hill to become statutory law. Congressional lawmaking is a cumbersome process with multiple choke points, each of which can stall the bill, temporarily or forever (e.g., Krehbiel 1998; See also Arnold 1990; Hall 1996; Kingdon 1989; Maltzman 1997; McCubbins and Sullivan 1987). Besides being slow and uncertain, congressional lawmaking requires complex and delicate coalition-building efforts. Therefore, the legislative approach is not an attractive option for ambitious presidents to advance significant policy change and leave a legacy.

*Presidential Unilateralism and the U.S. Constitution: Since the Turn of the Century*

One defining feature of the modern presidency is the tendency of the U.S. president to take unilateral actions in the absence of congressional endorsement (Howell 2003, 2013). Multiple administrations since the turn of the century have embodied strong-willed and wide-ranging presidential unilateralism and often defended their unilateral actions with contentious constitutional opinions. For example, the Trump Administration was been noted to rely on executive orders to deliver promises (Korte 2017; Said-Moorhouse 2017) and asserted that presidential decisions motivated by national security reasons were unreviewable by courts (*State of Washington v. Trump*). To deliver its preferred policy outcomes, the Trump Administration often made bellicose attempts to keep the adjoined branches of the federal government out of its way: In the trade war, it mostly invoked congressionally delegatory statutes for its unilateral actions; On other issues, it also utilized the texts or the ambiguities of constitutional provisions when acting alone.

Despite the criticism and controversies that it has encountered, the Trump Administration is not an outlier of recent administrations in terms of presidential unilateralism. Two of its predecessors, the George W. Bush Administration, and the Barack Obama Administration, had displayed an extraordinary pattern of acting alone in circumvention of Congress and contending disputable constitutional basis for the action. Committed to revitalizing presidential authority in the context of the War on Terror, the George W. Bush Administration frequently and extensively exploited means such as executive privilege (Rozell and Sollenberger 2013), signing statements (Kelley 2007), and the appointment of expert overseers or "Czars" (Vaughn and Villalobos 2015) to circumvent and/or weaken congressional legislation and supervision. Vice President Dick Cheney openly

asserted that the president deserved wide and growing authority regarding national security and foreign policy matters (Stevenson and Liptak 2005), a position that echoed the judicial non-reviewability argument of the Trump White House. The first term of the George W. Bush Administration also witnessed the publication of multiple academic books on the topic of presidential unilateral powers (e.g., Cooper 2002, Howell 2003, Mayer 2001), while such research had previously been very rare before that time.

Having offered acrimonious criticism of the Bush Administration as U.S. Senator and presidential candidate, President Obama inherited multiple Bush-era presidential unilateral actions and took some others of his own (Crouch, Rozell, and Sollenberger 2013; Kelley 2012; Wirls 2015; Bruck 2016), as exemplified by his handling of drone strikes (Jaffer 2016; Zenko 2016), immigration reform (Nakamura and Goldfarb 2014) and U.S. involvement in the Libya conflict (Fisher 2012).

The drastic surge of presidential unilateral actions in both number and scope since the George W. Bush Administration sparks interest among scholars (e.g., Belco and Rottinghaus 2017; Bolton and Thrower 2016; Chiou and Rothenberg 2017; Dickinson and Gubb 2016; Fine and Warber 2012; Howell 2003; Krause and Cohen 1997, 2000; Mayer 2002; Moe and Howell 1999a, 1999b; Warber 2006). Out of this interest emerged a new perspective on presidential power, the Unitary Executive Theory (UET). The theory holds that the president is granted broad prerogative and discretionary authority by the U.S. Constitution. As they argue, constitutional provisions such as the Vesting Clause[28], the Oath Clause,[29] and the Take

[28] See U.S. CONST. art. II, § 1, cl.1

[29] See U.S. CONST. art. II, § 1, cl.8

Care Clause[30] of Article II empower the president to administer the operation of the unitary executive branch (Alito 2001, 12), to review the constitutionality of congressional legislation (Kelley 2008; Barilleaux and Kelley 2010, 3–4)[31], and to direct the execution of laws (Kagan 2001). Legal experts of different ideological orientations including Justice Samuel Alito on the conservative side and Justice Elena Kagan on the liberal side echoed the UET views of presidential authorities, just as U.S. administrations of different political parties proclaimed and practiced expansive presidential authorities.

*The Factors of Presidential Unilateralism: Incentives and Constraints*

While legal experts debate over the constitutional legitimacy of the expansive unilateral power claimed and wielded by several recent presidents, political scientists are committed to explaining the conditions under which presidents apply those broad powers and the vehicles that enable them to do so. Presidents confront both incentives and constraints when taking unilateral actions. The often-noted incentives include the emergence of high-saliency issues such as economic crisis, civil rights issues, and international terrorism (Cooper 2002; Mayer 2001), the focus of the president's agenda (Belco and Rottinghaus 2017), and the pressure from strong public opinions (Reeve and Rogowski 2016; Rogowski 2019). Party plays an important role in presidential unilateralism by restricting the ideological direction of

[30] See U.S. CONST. art. II, § 3

[31] Part of Federalist Papers no. 49 wrote: "The several departments being perfectly co-ordinate by the terms of their common commission, none of them, it is evident, can pretend to an exclusive or superior right of settling the boundaries between their respective powers…" Unitarians contend that these words imply the presidential authority to review and check congressional legislations.

presidential policy, setting the presidential agenda, and disciplining legislator behaviors (Chiou and Rothenberg 2017). The one incentive of presidential unilateralism mentioned most in the literature, nevertheless, is the legislative-presidential relation. For instance, Fleishman and Aufses (1976) asserted that congressional incapability engenders presidential responsibility. Howell (2003) highlighted two scenarios in which a president will take unilateral actions: to preempt more radical congressional legislations that the president cannot block and to enable policy change gridlocked in Congress. Howell (2005) also found that presidential unilateralism is negatively correlated with congressional inability, as measured by the size and cohesiveness of the congressional majority party. Belco and Rottinghaus (2017) demonstrated that presidential unilateralism is negatively correlated with the strength of Congress and with the compatibility of policy goals between the executive and legislative branches. Presidents, Belco and Rottinghaus argue, act as dual executives to pursue their policy preferences strategically and cautiously in the context of shared policymaking authority between different branches of the federal government. According to these authors, presidents sometimes as an aggressive commander and at other times as a cooperative administrator.

Unilateral actions fundamentally transform the presidency, making the president a first mover with the agenda-setting initiative and a singular player free from coalition-building (Moe and Howell 1999a; Howell 2005; Lowande and Rogowski 2021). This image contrasts drastically with the previous understanding of the presidency as a persuader (Neustadt 1960; Kernell 1997; Landy and Milkis 2000; Canes-Wrone 2005) or a veto player (Cameron 1999; Cameron and McCarty 2004). Neustadt (1960) famously claimed that the power of the president is the power to persuade. Researchers like him (e.g., Edwards 2004; Howell and

Pevehouse 2005, 2007; Landy and Milkis 2000; Lindsay 2003) characterize the American presidency as being essentially weak and dependent, facing heightened expectations from the public on one hand and strong constraints from Congress and bureaucracy on the other hand. The significant mismatch between presidential accountability and authority forces the president to consistently bargain and compromise with other institutions of the federal government. This old school of presidential power can no longer accurately depict and grasp the American presidency, for its main thesis--the presidential weakness and dependency ceases to hold once the president substitutes the legislative approach of policymaking for the unilateral approach.

However aggressive and forceful they are, presidential unilateral actions remain subject to institutional checks and balances. Congressional and judicial constraints over presidential powers exist even in times of national crisis (Howell and Pevehouse 2005, 2007; Lindsay 2003; Fisher 2005). Landmark congressional legislations have been passed to check presidential unilateralism, such as the Federal Register Act[32] (which requires the publication of various forms of presidential directives), the Case Act[33] (which prescribes the president to notify Congress of any non-treaty international agreements within 20 days), and the War Powers Resolution[34] (which mandates the president to engage in consultation with Congress before any military involvement overseas and to withdraw troops within 90 days if without congressional authorization). Besides passing bills, Congress attempts to check presidential unilateralism by establishing and operating additional institutions, such as congressional oversight procedures, administrative rule-making processes, and communicative offices

[32] 44 U.S. Code Chapter 15
[33] 1 U.S. Code § 112b
[34] 50 U.S. Code Chapter 33

within federal agencies (Kiewiet and McCubbins 1991; McCubbins and Schwartz 1984). Another important way for Congress to check presidential unilateral actions is the budget and appropriation process (Howell 2013, chapter 5).

Nonetheless, the bar for either adjoining branch to restrict presidential unilateralism is high. The separation of powers in the U.S. government allows an executive branch action to proceed until the legislative branch can muster the veto-proof majority in both of its chambers to invalidate or amend the executive move (See e.g., *INS v. Chadha*), a condition which rarely holds in the context of political polarization and extreme partisanship (e.g., Moore 2018; Theriault 2006, 2008; Thomsen 2014). Presidents can further evade congressional intervention by renaming directives (Hall 1996), invoking executive privilege, (Fisher 2004a; Sollenberger and Rozell 2020), disregarding the reporting requirements (Fisher 2000, 2004b), or repurposing appropriated funds or tapping discretionary funds to finance the blocked presidential unilateral action (Whitnah 1983). In the face of the poor likelihood of withstanding presidential unilateralism, Congress has shown a tendency to defer to the president in its lawmaking activities. In recent decades, Congress passed bills to codify or fund an executive order with noticeably higher rates than those to amend or overturn an executive order (Howell 2013, chapter 5). The federal judiciary features less difficulty in collective action than Congress and should have been more effective in restricting presidential unilateral power, but performs no better in reality. Federal courts have either avoided intervening in relevant cases or ruled in favor of the president—by a rate of 83% between 1942 to 1998 (Howell 2013, chapter 6). Consequently, the increased frequency of presidential unilateral actions can find its interpretation not only from the proliferating and diversifying public demand but also from the gridlocked national legislature and the yielding

federal judiciary.

*The Forms of Presidential Unilateralism*

Presidential unilateral actions transpire mainly by utilizing presidential directives. As the most often used directive, presidential executive order, or EO, draws the preponderance of academic attention (Cooper 2001; Deering and Maltzman 1999; Howell and Lewis 2002; Krause and Cohen 1997, 2000; Mayer 1999; Mayer and Price 2002; Moe and Howell 1999a, 1999b). Solely focusing on executive orders while failing to review other forms of presidential directives, this early research probably contains significant sample bias and arrives at spurious conclusions, such as divided government correlated with fewer presidential unilateral actions (e.g., Shull 1997, 103).

More recent scholarship attempts to explore presidential unilateralism beyond the scope of executive orders and touch new items in the presidential toolkit, such as department orders and reorganization plans (Howell and Lewis 2002; Lewis 2004), presidential appointments in positions that do not require congressional approval (Corley 2006; Lewis 2010, 2011; Moore 2018), executive agreements--transnational protocols reached between heads of government to circumvent the jurisdiction of U.S. Senate (Margolis 1986; Moe and Howell 1999b; Martin 2005), and signing statements--written presidential declarations to interpret and execute congressional legislations in ways not consistent with lawmakers' intent (Cooper 2005; Kelley and Marshall 2010; Ostrander and Sievert 2013; Rice 2010).

A thoroughly comprehensive review of all vehicles for presidential unilateralism remains elusive for multiple reasons. The accessibility of information is one such factor. For example, some researchers have noticed the increasing usage of national security directives

in presidential unilateralism (Cooper 1997, 2002; Dwyer 2002; Gordon 2007) and the continued absence of congressional legislative checks thereof (Cole and Dempsey 2006; Howell 2005; Kaier 1990). However, this category of presidential directive is secret and not available for immediate public review, which impedes systematic and accurate academic analytics. Another remarkable barrier is the confusion of titles among various presidential directives. On some occasions, directives with noticeable resemblance of content and purpose differ in titles, while on some other occasions, directives under one title prove exceptionally diverse in terms of their goals and effects (Cooper 1986, 2001; Rottinghaus & Maier 2007; Lowande 2014; Rottinghaus and Maier 2007; Williams 2019). The latter scenario often occurred with presidential proclamations and memoranda. The confusion of document titles sometimes relates to insufficient management or the personal preference of different presidents, but at other times could be intentional when the president devises different formalities to evade established procedural and supervisory constraints.[35]

*Presidential Unilateralism and Federal Bureaucracy: The Implementation Issue*

A crucial part of presidential unilateralism, regardless of its conditions or vehicles, is the

[35] E.g., The publication requirement of The Federal Register Act (44 U.S.C. §1505) applies to all executive orders and proclamations, but only to those presidential memoranda determined by the president to have "general applicability and legal effect". Additionally, the issuance of executive orders must adhere to the particular requirements as prescribed by 1 C.F.R. Part 19. Fewer statutory and regulatory requirements make presidential memorandum an attractive instrument for presidential unilateralism.

bureaucratic execution of presidential actions. A presidential idea travels an arduous journey before it has a chance to take effect on the country. In this process, the federal bureaucracy acts as a shepherd, first helping formulate the idea into workable policies, and then carrying them out (Lowande and Rogowski 2021; Rudalevige 2012, 2015). This essential role gives the federal bureaucracy sizable power, and the success of presidential unilateralism depends to a great extent on that the federal bureaucracy executes the president's unilateral directives as the president intends. The established literature exhibits that the president can assure that for at least two reasons.

First, the president has sufficient means to exert control over the federal bureaucracy, such as personnel (appointment and removal), budget, agency design, and reorganization. Appointment and budget are the most often used tools for presidential control over federal agencies (Waterman 2009; Lewis 2010). More importantly, presidents participate in the "politics of bureaucratic structure" to solidify their control and influence over the administrative state (Moe 1990; Moe and Wilson 1994). Three categories of federal bureaucratic design are available for presidents who conceive new executive institutions: the Executive Office of the President (EOP) agencies, the cabinet departments, and the independent federal agencies. To bolster their control, presidents often unilaterally establish federal agencies inside the EOP or the cabinet departments with few appointee restrictions attached (Howell and Lewis 2002; Lewis 2003; Mayer and Weko 2000). This parallels with the fact that the academic debate over the independence of federal bureaucracy mainly concentrates on federal independent commissions instead of other forms of federal agencies (e.g., Breger and Edles 2000; Bressman and Thompson 2010; Lewis 2003; Verkuil 1988; Wood and Waterman 1991).

Second, presidential unilateralism contains characteristics that facilitate execution. Many presidential unilateral actions, such as those regarding government regulation, are self-executing (Howell 2005). In addition, presidential unilateral directives can be written in ways that facilitate implementation more so than statutory laws. In congressional lawmaking, textual ambiguities or loopholes are sometimes necessary to satisfy coalition partners, features which can then be exploited by bureaucrats to evade faithful and effective execution of the law. In contrast, presidential directives are free from coalition building and can substantially shrink such ambiguities and loopholes in their documents (Huber and Shipan 2002). Moreover, follow-up unilateral actions can be taken by presidents to guarantee the implementation of their directives (e.g., Farris, Nathan, and Wright 2004).

*Conclusion*

The Trump Administration drew lots of attention for its various unilateral actions to generate direct policy outcomes without explicit Congressional approvals, but in reality, this pattern of presidential unilateralism transcends President Trump and characterizes at least two of his predecessors, President Obama, and President George W. Bush. Legal and political researchers have identified multiple constitutional foundations and a series of practical means to guarantee the operation of presidential unilateralism. In particular, presidents can ensure the bureaucratic implementation of their intents when they take unilateral actions. The established literature builds the foundation for the theory and hypotheses of the next two empirical chapters.

## Chapter 4: Case-Level Statistical Analysis and Findings

On March 1, 2018, President Trump declared a 25% tariff on certain steel imports by invoking Section 232 of the 1962 Trade Expansion Act. This presidential unilateral action caught the market and media completely off guard, triggering the Dow Jones to lose more than 400 points within one day (Egan and Meyersohn 2020). This tariff action was neither the first nor the largest move by the Trump Administration in the Trade War but remains a very extraordinary one for multiple reasons.

First, this tariff was the earliest Trump tariff action to provoke a significant market reaction, causing a plunge of the DOW index comparable to what the later and much more extensive waves of Section 301 China tariff would trigger (for comparison, see Kuo and Davies 2018; Bayly 2018; Imbert 2019). Second, the tariff action cited national security concerns but covered imports from close U.S. allies, a move that could generate profound foreign policy ramifications. Third, the statutory basis for the steel tariff action, Section 232, established substantial presidential unilateral authority in a policy area constitutionally assigned to Congress and amounted to a momentous institutional change. Fourth, the protected economic sector, the steel industry, has held a special place in American history and culture as a showcase of national strength and pride. Steel literally provided the structure of some of the most prominent symbols of American culture and progress of the 20th century, from skyscrapers to muscle cars. In the recent two decades, the U.S. steel industry has been challenged by major foreign rivals such as China, which added more political sensitivity to public discussions of the industry.

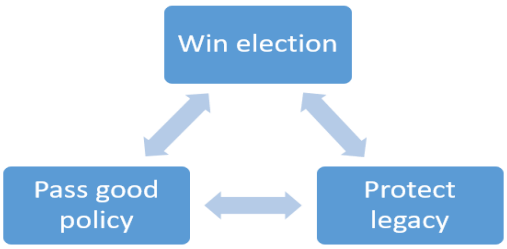
Being “Tough on China” was a hallmark of Mr. Trump’s campaign and presidential rhetoric. But interestingly, while the Trump Administration was imposing tough tariffs on

international trade, it was issuing a very high percentage of exceptions to domestic companies that used the tariffed products. Both moves involved scarce participation of Congress, the constitutionally assigned decision-making body for U.S. trade policy. The remarkable inconsistency between these two unilateral actions by President Trump supports the need for research to understand current U.S. trade policymaking. I argue that the Trump Administration took these contradictory presidential unilateral actions to achieve multiple goals at the same time: to pressure foreign trade partners and to protect vulnerable domestic industries on the one hand, and to avoid hurting domestic users of the tariffed products on the other hand. I find that domestic electoral considerations explain the Trump Administration's approval of exceptions to his Section 232 tariffs.

*Theory and Hypothesis*

I assume that presidents have three goals when they take unilateral actions: to win reelection for themselves and their party; to pass good public policy; and to protect their historical legacy (Light 1999; Eshbaugh-Soha 2005). These goals are interrelated as shown by Figure 4-1. For example, winning elections is required to pass policy, while passing policy also helps presidents win votes by taking credit for their policy achievements. Furthermore, passing good public policy helps presidents solidify their historical legacy, while their legacy may contribute to their party's long-term policy success on particular issues.

***Figure 4-1: Goals of Presidential Unilateralism***



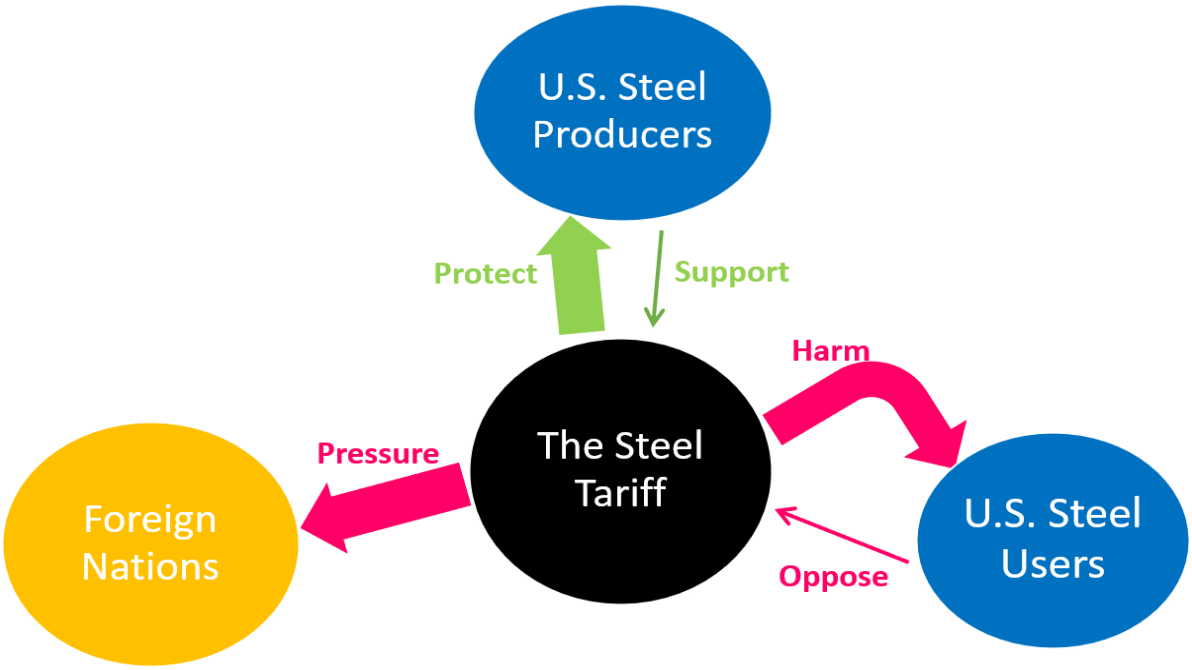
Presidents prioritize these goals differently across domestic and foreign policy. The election goal may be less proximate to foreign than domestic policy decision-making because the American public is less informed on foreign policy issues (e.g., Aldrich, Sullivan, and Borgida 1989; Baumgartner and Leech 2001). This gives presidents more leeway in their decision-making calculus and allows them to lean more on their personal ideology and views to determine their foreign policies. Public opinion still plays a role but acts more like a constraint than a primary driver of presidential behavior in this regard.

There are some issues that blur the line between foreign and domestic affairs. For instance, a country's trade policy has both foreign and domestic ingredients. Trade policy covers a variety of government actions that affect the transactions of goods and services into and out of a country's territory, such as tariffs or other trade-related regulations and restrictions. Trade policy influences international relations on the one hand and redistributes the welfare of domestic producers and consumers on the other hand. Therefore, trade policymakers always have two groups of audiences to consider: one at home, and one abroad.

The Section 232 steel tariff imposed by the Trump Administration had two such audiences. A visualization of the audiences that Trump had to consider when establishing the Section 232 Steel Tariff can be seen in Figure 4-2. Internationally, the tariff signaled pressures for major U.S. trade partners to change their trade practices which had been deemed detrimental to U.S. interests by the Trump Administration, and to accept the administration's proposals to work out trade deals more favorable to the U.S. Domestically, the tariff aimed to protect the steel industry from what the president saw as unfair foreign competition. At the same time, the tariff raised the material prices for the domestic users of the tariffed products and caused them to oppose the tariff hike. Many domestic tariff

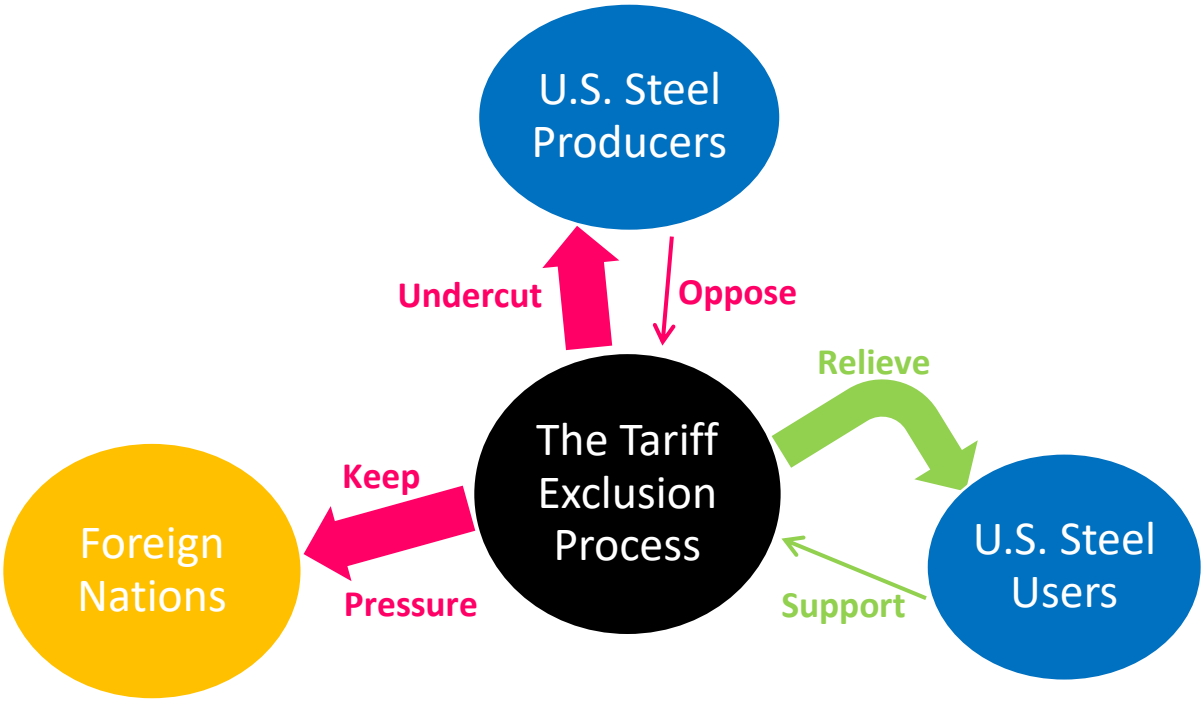
opponents were electorally crucial groups such as the automobile industry or small businesses, who could endanger the election goals of the self-declared "Jobs and Economy President" and his party. To relieve the difficulties and grievances of domestic steel users, the Trump Administration established an exclusion process for the Section 232 steel tariff.

***Figure 4-2: The audiences of the Section 232 Steel Tariff***




However, tariff exclusions generated unwanted consequences to the administration's original tariff policymaking because they undercut the two main intended effects of the punitive tariff—to signal foreign trade partners, and to message domestic voters associated with the protected industries. To keep the credibility of the punitive tariff, the administration could not satisfy every petition for tariff exclusion. Like the steel tariff per se, the tariff exclusion process needed to deal with multiple audiences simultaneously (See Figure 4-3) and had a balance to strike. But how?

*Figure 4-3: The audiences of the Tariff Exclusion Process*




Among the three audiences of the tariff exclusion process, both domestic steel users and foreign steel exporters were anticipating the process to produce substantial policy relief from the punitive steel tariff, while domestic steel producers appreciated the barrier effect of the steel tariff and opposed its disintegration through massive delivery of tariff exclusion. The conflicting expectations from different audiences compelled the administration to make strategic trade-offs in adjudicating tariff exclusion petitions. Since the tariff exclusion process was established chiefly as a policy response to domestic electoral pressures, domestic audiences presumably outweighed foreign ones in affecting the adjudication. Consequently, domestic factors such as the constituency origin of the tariff exclusion request were more likely to have a significant effect on the tariff exclusion decisions than foreign factors such as the country origin of the requested import product.

When dealing with a domestic audience, the tariff exclusion process would need to take

into consideration the enormous variance of political orientation among different regions of the United States. The steel tariff exclusions were limited in their electoral effects and were not enough to sway all voters across those diverse regions to cast ballots for the president and the ruling party. An electorally rational choice for the administration would be to give priority to tariff exclusion applicants from constituencies leaning toward the president. Such practice would maximize the effect of each tariff exclusion to tilt the electoral outcome to the president's favor and minimize the damage to the credibility of the steel tariff policy.

Committed to his preferred high tariff policy while pressured by electorally crucial steel users, President Trump would and could influence the in-charge federal agency to prioritize his supporters in granting tariff exclusions. Based on this theory, I expect the following:

**Hypothesis 1**: *The likelihood that a tariff exclusion request is approved increases as President Trump's vote share increases in the petitioner's home congressional district*.

**Hypothesis 2**: *The likelihood that a tariff exclusion request is approved increases if President Trump won the petitioner's home congressional district.*

The Commerce Department of the Trump Administration could look into other factors when adjudicating a tariff exclusion case. An important determinant of the Commerce's decision-making could be the amount of tariff-free foreign product demanded in each request case, which reflects the petitioner's supply chain exposure to imports. The Trump Administration was probably more willing to deliver tariff reliefs to businesses whose supply chains had smaller foreign elements but let punitive tariffs hit those with larger amounts of dependency on importation. This discretionary approach would give tariff exclusion requests of smaller size a higher chance of approval. This approach to operating the tariff exclusion process was likely amid the Trump Administration because first, it limited the damage to the

integrity and credibility of the punitive tariff and second, it encouraged companies to reduce their supply chain foreign exposure by giving restricted cushion to their purchasing transition. Therefore, tariff exclusions would be delivered in a way to reinforce the punitive tariff in terms of protecting domestic steel producers and pressuring foreign trade partners.

Third, and most importantly, this discretionary approach of tariff exclusion decision-making assisted small businesses whose demand for foreign steel materials was modest in size but crucial for their survival. Declaring himself a "Job and Economy President", Mr. Trump made boosting small businesses a main issue of his 2016 campaign (e.g. Trump 2015a, 2016a, 2016b and 2016c). Small businesses with their labor-intense characteristic had been a cornerstone of U.S. domestic employment. According to the Small Business Administration of the federal government (Kobe and Schwinn 2018), businesses with fewer than 500 employees contributed to 47.8% of total non-farm employment and 43.6% Gross Domestic Product (GDP) of the U.S. economy in 2014. Another report by the U.S. Bureau of Economic Analysis (Highfill et al. 2020) showed that businesses with fewer than 100 employees sustained 35% employment and 30% wages in the U.S. economy between 2012 to 2016. Moreover, small business owners were a large voting bloc and were especially important for Republican candidates thanks to their high turnout and Republican-leaning: 95% of them voted regularly in national elections, and 40% of them self-identified as Republicans versus 29% as Democrats (León 2020).

The Trump team's messaging to small businesses was effective in the 2016 election cycle. Mr. Trump's leading margin over Secretary Clinton among this group was noticeable (Ioannou 2016) and was wider than the Romney-Obama one (Campbell 2016), contributing to Trump's narrow win in the 2016 general election. Small businesses' support for Mr.

Trump further consolidated after the 2016 election, pushing up the Wells Fargo/Gallup Small Business Index (McMurray and Newport 2016) from +68 in July 2016 to +80 in mid-November of that year, the highest number since January 2008. The same poll underscored that in the fourth quarter of 2016, 51% of small business owners thought that the new president and Congress would make their businesses better, 61% believed that President Trump would focus on issues important to them as owners, 36% (up from 21% in the previous quarter) expected to add jobs. To keep and grow this electoral margin in 2020, the Trump Administration needed to deliver follow-up policies that preserved the interests of small businesses.

President Trump's Trade War shocked U.S. companies of all sizes, yet different categories of companies showed different abilities to adapt to the elevated tariff barriers. Small businesses were more vulnerable to abrupt tariff adjustments because they lacked: 1) the revenue flow that bigger corporations could tap to absorb heightened import costs; 2) the negotiating power generated by sheer size to achieve favorable pricing, either by passing a certain amount of cost increase to downstream customers or by preventing upstream suppliers from doing so; 3) the international presence that would facilitate supply chain shifting when necessary. The tariff vulnerability inherent in small businesses meant that their associated voters would be highly attentive to the Trump Administration's adjudication of their tariff exclusion requests and respond accordingly in the forthcoming elections. Consequently, prioritizing petitions from small businesses would be politically rational. Based on this theory, I expect the following:

**Hypothesis 3**: *The likelihood that a tariff exclusion request is approved increases as the amount of demanded foreign product decreases.*

The political impact on international trade could come from domestic constituencies as well as international relations. Entities from diplomatic friends bring about less political controversy and potentially face fewer policy barriers by national governments to share domestic markets and production expertise. This sovereign differentiation of international trade partners facilitates the development of manufacturing supply chains along rather than across the boundary of alliance blocs. The steel industry is one such example. Given the various crucial functions of steel products in a modern economy, the issue of steel supply chain has long been an important concern of U.S. policymakers (e.g. Duke et al. 1977; DeFilippo 2003). Even before the Trade War, the United States had adjusted itself to import steel products mostly from diplomatically friendly countries as a way to ensure its supply chain resilience (International Trade Administration 2018, 3).

While the United States had long established its international supply chains of critical products with friendly countries, it had exercised caution and restraint in trade disputes and generally preferred negotiation and compromise to raising trade barriers in post-war history. The creation of the World Trade Organization (WTO) in 1995 further offered a multinational dispute-solving mechanism (DSM) for international trade issues. The alliance-secured supply chains of crucial goods and regular trade talks helped stabilize the U.S.-led international trade system and rendered trade a low-saliency issue in American politics for most of the post-war history.

Nevertheless, the issue of international trade rose to a highly focused topic in the 2016 U.S. general election. The newly gained high saliency of the trade issue was predominantly domestically driven. The main reason was a transformed presidential electoral map that upended the decades-old political landscape of trade policymaking since the New Deal era.

This fundamental change in presidential electoral politics paved the road for additional protectionism in U.S. trade policymaking, which sacrificed international relations projects for domestic electoral goals.

The partisan realignment since the 1960s and the ensuing political polarization slashed the number of competitive regions and left a few states and districts exceptionally influential in federal elections. Data from Dave Leip's Atlas of U.S. Presidential Elections indicate that the number of competitive states (defined as states where the difference of the two-party vote share/favorability is less than 10%) was 31 in 1960, 26 in 1988, 15 in 2008, and 14 in 2012. This plunge of electoral competitiveness transpired in states across all ranges of population and all sizes of the Electoral College. For example, in the election cycle of 2012 when then-businessman Trump was very close to announcing a presidential run but eventually didn't, the major parties' presidential or vice-presidential candidates visited only 12 states for public campaign events after both parties finished their presidential nomination (Olson 2015).

When the number of swing states slumped, the few that remained competitive would see their influence over presidential election and national politics swell. Among those declining numbers of increasingly impactful states were several heavily industrialized and import-competed regions such as Pennsylvania, Ohio, and Michigan. Indispensable for the control of the White House in recent electoral cycles, these trade-skeptic manufacturing areas could overshadow other parts of the country to dominate the presidential decision-making related to their top concerns.

This geographical concentration of political influence was a profound change in U.S. trade politics. In 1934, the Reciprocal Trade Agreements Act (RTAA) delegated significant trade policymaking authorities from Congress to the president on the ground that the latter

was the sole federal officeholder elected by the national population and therefore more capable of representing the entirety of national interests. The new electoral landscape nullified this argument for the power transfer. As a narrow group of vocal and active trade-skeptic states commanded the current presidential electoral map, presidential candidates would find trade protectionism postures useful in campaigning and necessary in governing. Therefore, the altered situation of electoral politics would orient U.S. trade policymaking toward the direction of elevated barriers and rollbacked openness.

If protectionism had become the new normal of U.S. trade politics at the beginning of the Trump Administration, then how would the protectionist policymaker address imports from countries of different diplomatic conditions? A lot of that had to do with the real form of industrial protection demand. When domestic manufacturing producers lobbied for federal protection, they did so from the perspective of commercial activities rather than foreign affairs. For instance, the imports about which politically influential manufacturing industries (e.g. steel in Pennsylvania, automobile in Michigan) complained could originate across the whole spectrum of U.S. foreign relations, from long-term U.S. friends (Japan, Germany, and South Korea) to potential rivals (China). The tariff protection decision remained convenient when the concerned product was from a foreign rival, but how about the import from an ally? To score points in key swing states and win the transformed electoral map, a reelection-focused president would need his administration to exercise a sort of additional protectionism that underweighted foreign policy concerns to satisfy domestic producers. Under this approach, foreign ally origin would not prevent an imported product from being tariffed by the United States or raise its probability of obtaining tariff exclusion after being tariffed. Such a domestically occupied policy could come at a cost to U.S. foreign relations, but help

presidential candidates win the current electoral map dominated by a few trade-sceptic states.

President Trump won this transformed electoral map in 2016 and wanted to win the same map again in 2020. Therefore, his reelection strategy would involve the practice of additional protectionism on the trade front. And Mr. Trump was no stranger to attacking diplomatic allies on trade issues. For example, to a crowd of industry executives that gathered in the Wings Club of New York City in 1989, then-businessman Trump chastised major U.S. trade partners Japan, West Germany, and South Korea for being "not our allies", "taking advantage of the United States", and "ripping us off ", suggested exacting "a pound of flesh" from foreign exporters with import tax on goods like cars, and warned that "we're the biggest suckers in the world; we're the biggest dopes in the world…if we get any kinder or gentler, we won't have any America left" (Gordon 1989). In another example, during a visit to Japan in 1993, Trump commented that the United States had been represented by "morons" in its past trade negotiations with Japan, and that "the Japanese negotiators have done one of the great tap-tap-taps of all time, keeping the ball rolling, giving absolutely nothing, and having the American idiots say, 'Thank you.'" (Pollack 1993)

Mr. Trump's personal views against diplomatic friendly trade partners had translated into U.S. trade policies hitting those countries after he became president. The Section 232 steel tariff explored by this research impacted imports from U.S. friends and rivals alike. Other punitive tariffs imposed or threatened by the Trump Administration featured a similar pattern of disregarding diplomatic relations: the Section 201 action on solar panels and large washing machines involved South Korea; the Section 301 action on large civil aircraft subsidies and the Section 232 action on automotive products aimed at the EU (Williams et al. 2020).

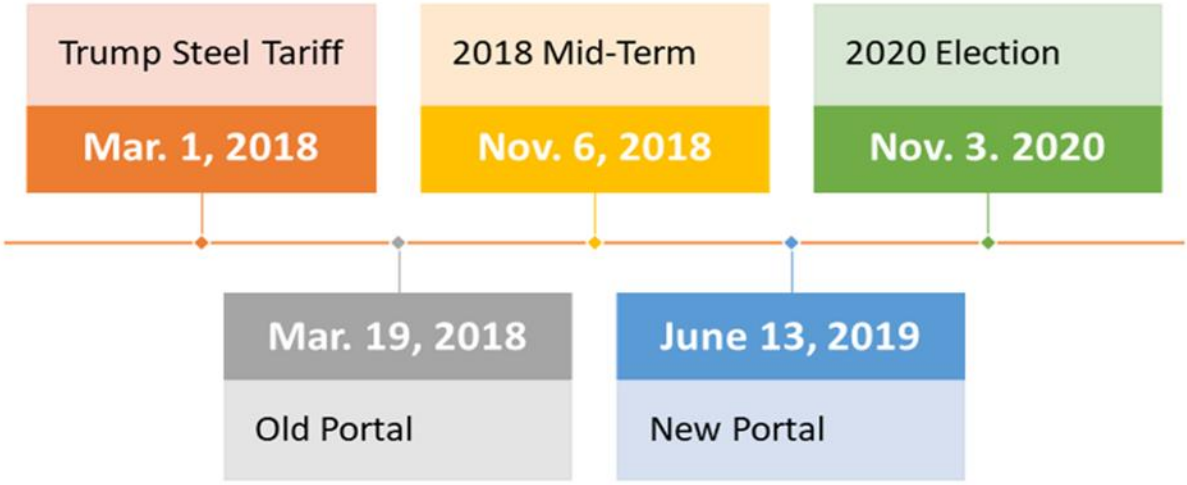
The motive of additional protectionism applied to both tariff imposition and tariff exclusion. If the Trump rhetoric and the Trump tariff displayed little attempt to differentiate among foreign nations, I do not expect to observe significant transnational distinctions in the Trump-era decision results of the tariff exclusion process. On the contrary, the likelihood of obtaining tariff exclusion approval from the Trump Administration's Commerce Department should be significantly associated with the constituency origin of the tariff exclusion request (Hypothesis 1&2), which indicated that the Trump Administration politicized its tariff exclusion process principally for domestic electoral reasons. Therefore:

**Hypothesis 4**: *The tariff exclusion requests for products originating from U.S. allies are as likely to obtain approvals as those for products originating from China.*

*Data and Method*

To test my hypotheses and evaluate my theory, I analyze data collected from multiple data sources. The development and availability of those sources are illustrated in Figure 4-4.

***Figure 4-4: Key Dates of Trump Steel Tariff's Exclusion Process***




On March 1, 2018, President Trump declared a Section 232 tariff on steel imports which shocked the market. In response to concerns from domestic steel users including multiple

manufacturing businesses, the Commerce Department of the Trump Administration commenced an exclusion process for the tariff on March 19, 2018. At this primary stage, the Commerce Department received industrial petitions for tariff exclusions and posted federal government decisions on the *regulations.gov* website, where federal agencies addressed various other appeals within their jurisdictions. This research labels the first online platform for the Section 232 steel tariff exclusion process as the **Old Portal**.[36]

The functional quality of the Old Portal failed to satisfy its customers. Many industrial petitioners and congressional members complained that the tariff exclusion process was both confusing and time-consuming (Crooks and Fan 2018; McDaniel and Brunk 2019). In the face of widespread criticism, the Commerce Department established a separate online panel on June 13, 2019, that solely received and publicized decisions on exclusion requests for the punitive steel tariff. This research labels the second platform for the tariff exclusion process as the **New Portal**.[37] The New Portal continues to this day, even after the 2020 presidential election and the inauguration of the Biden Administration. Both the Old and New Portal allow opponents of tariff exclusions to file their objections, and the objections from some domestic steel-producing giants have been reported to be influential to the final decisions of the Commerce Department on the tariff exclusion petitions (Tankersley 2018).

Scholars working for the Mercatus Center of George Mason University compiled two excellent datasets for the Section 232 tariff exclusion decisions made by the Trump Administration, one for the Old Portal and another for the New Portal. Their data collection

[36] https://www.regulations.gov/docket/BIS-2018-0006

[37] https://232app.azurewebsites.net/steelalum

concluded with the tariff exclusion decisions posted on January 19, 2021[38], the last day of the Trump Administration, and conforms to the scope of my research. The statistical analysis in this research is based on these George Mason datasets.

According to a Congressional Research Service (CRS) report, the Commerce Department received 260,450 exclusion petitions for the steel tariff by February 7, 2021, approving 59% of the requests and denying another 21%; the rest were withdrawn or pending (Fefer et al. 2021, 12). The two George Mason datasets in total incorporated 226,315 cases, 62,797 for the Old Portal and 163,518 for the New Portal (See Table 4-1 below). Among the Old Portal cases, 49% (30, 545) were approved, 21% (13,261) were denied, and 30% (18, 991) were pending. The George Mason dataset for the Old Portal hasn't been updated after June 13, 2019, and the *regulations.gov* website does not provide an adequate statistical summary on this topic, making it impossible for this research to follow the results of all these pending cases. Among the New Portal cases, 61% (99, 728) were approved, 18% (29, 216) were denied; and the rest were withdrawn, pending, or unknown by January 19, 2021, the last day of the Trump Administration.[39]

As the first step, I conduct descriptive statistics analysis on the tariff exclusion decision data. The preliminary inspection highlights some pronounced variations of approval rate in association with the country origin of the demanded product (See Table 4-1). For instance, Japan (with a 71.46% approval rate in the New Portal) and China (with an approval rate of 68.66% in the New Portal and 53.01% in the Old Portal) presented conspicuously above-

[38] See https://www.quantgov.org/tariffs#232-new

[39] Excluding the pending, withdrawing, or unknown cases of both portals from my statistical analysis does not change the following results.

average approval rates (the average approval rate is 60.99% for the New Portal and 48.64% for the Old Portal). In another example, Taiwan which enjoyed decades-long close relations with the United States received an approval rate of merely half of China's in the New Portal (33.40%) and 20 percentage points lower than China's in the Old Portal (32.63%). These remarkable country-related variations merit further statistical analysis.

To test my research hypotheses through inferential statistics, I build regression models. The unit of analysis is the individual tariff exclusion case, which allows me to study the respective effects of multiple features of each tariff exclusion petition, such as the amount or country origin of the requested product, the filing date of the petition, or whether there was an objection that ensued. The variable of log(amount) shows the quantity of demanded tariff-free product in each exclusion request and measures a petitioner's supply chain exposure to import. I take the logarithm to handle the extreme skewness of the original data. In total, the number of observations is 163,465 for the New Portal and 62,773 for the Old Portal.

Furthermore, I add into the models the political influence variables (*Trump*Votes%, *Trump*Won) based on congressional district data, because 1) the George Mason datasets have positioned each tariff exclusion petitioner in a congressional district; 2) Congress is the constitutionally assigned and historically principal decision-making body of U.S. trade policy (See Chapter 2), which makes congressional district relevant for the purpose of this research. Dave Leip's Atlas provides district-level 2016 presidential votes that enable the construction of the two political influence variables.

***Table 4-1: Decisions for TERs by Product Origin***

| Type | Origin | Approved | Denied | Pending | Total |
|---|---|---|---|---|---|
| New Portal | Average | 99,728 (60.99%) | 29,216 (17.87%) | 34,574 (21.14%) | 163,518 |
| | NAFTA | 408 (71.96%) | 35 (6.17%) | 127 (22.40%) | 567 (0.35%) |
| | European Union | 47,911 (60.54%) | 15,951 (20.16%) | 15,278 (19.31%) | 79,140 (48.40%) |
| | Japan | 17,595 (71.46%) | 2,820 (11.45%) | 4,208 (17.09%) | 24,623 (15.06%) |
| | China | 19,004 (68.66%) | 3,709 (13.40%) | 4,965 (17.94%) | 27,678 (16.93%) |
| | Taiwan | 3,814 (33.40%) | 4,064 (35.59%) | 3,542 (31.01%) | 11,420 (6.98%) |
| Old Portal | Average | 30,545 (48.64%) | 13,261 (21.12%) | 18,991 (30.24%) | 62,797 |
| | NAFTA | 1,983 (43.75%)* | 1,162 (25.63%) | 1,388 (30.62%) | 4,533 (7.22%) |
| | European Union | 14,175 (51.17%) | 4,934 (17.81%) | 8,592 (31.02%) | 27,701 (44.11%) |
| | Japan | 6,172 (49.44%) | 2,648 (21.21%) | 3,665 (29.36%) | 12,485 (19.88%) |
| | China | 3,951 (53.01%) | 1,237 (16.60%) | 2,266 (30.40%) | 7,454 (11.87%) |
| | Taiwan | 756 (32.63%) | 815 (35.17%) | 746 (32.20%) | 2,317 (3.69%) |
| All Data | Average | 130,273 (57.56%) | 42,477 (18.77%) | 53,565 (23.67%) | 226,315 |
| | NAFTA | 2,391 (46.88%) | 1,197 (23.47%) | 1,515 (29.71%) | 5,100 (2.25%) |
| | European Union | 62,086 (58.11%) | 20,885 (19.55%) | 23,870 (22.34%) | 106,841 (47.21%) |
| | Japan | 23,767 (64.05%) | 5,468 (14.74%) | 7,873 (21.22%) | 37,108 (16.40%) |
| | China | 22,955 (65.34%) | 4,946 (14.08%) | 7,231 (20.58%) | 35,132 (15.52%) |
| | Taiwan | 4,570 (33.27%) | 4,879 (35.52%) | 4,288 (31.21%) | 13,737 (6.07%) |

* The TERs for products of Canadian origin (2,881 cases) have a low approval rate of 37.62%. In comparison, the rate for Mexico (1,652 cases) is 54.42%.

My models also incorporate two control variables: one about the number of days between the filing date of the tariff exclusion petition and the 2020 presidential election day (*Days to Election*), and one about the objections to the filed petition (*Objections* for the Old Portal, and *Objection_Dummy* for the New Portal). My objection variables are different because the George Mason datasets measure this piece of information in different ways: the dataset for the Old Portal counts the number of objections to each tariff exclusion petition, and each petition has at least one objection; in contrast, the dataset for the New Portal lists the names of objectors to each tariff exclusion petition but does not count them, and 120,671 out of the 163,675 petition cases do not show any objection. Given the different characteristics of the objection data in the two datasets, I set my objection control as a count variable for the Old Portal (*Objections*) and a dummy variable for the New Portal (*Objection_Dummy*).

I employ the method of **logit regression** for my analysis since my dependent variable ***Approval Decision*** is a dummy variable. The different starting and operational times of the two tariff exclusion portals before the 2020 election imply substantially distinctive electoral pressures to the tariff exclusion process and call for separate statistical scrutiny. Therefore, I build four major models to investigate the tariff exclusion data generated by the two portals in two waves of statistical surveys (See Table 4-2 and Table 4-3):

**Model 1**: *Approval Decision* ≈ *f (Trump*Votes%*, Product Origin, Controls)*

**Model 2**: *Approval Decision* ≈ *f (Trump*Votes%*, Product Origin, Interaction, Controls)*

**Model 3**: *Approval Decision* ≈ *f (Trump*Won*, Product Origin, Controls)*

**Model 4**: *Approval Decision* ≈ *f (Trump*Won*, Product Origin, Interaction, Controls)*

*Table 4-2: Logit Regression Results (New Portal)*

| Independent Variables | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| TrumpVotes% (2016) | 0.000234 | 0.0493* | | |
| | (.00660) | (0.0205) | | |
| TrumpWon (2016) | | | 0.0996 | 1.443* |
| | | | (0.182) | (0.634) |
| NAFTA | 0.193 | 0.218 | 0.165 | 0.227 |
| | (0.379) | (0.383) | (0.383) | (0.373) |
| European Union | 0.295 | 0.280 | 0.301 | 0.281 |
| | (0.220) | (0.222) | (0.218) | (0.216) |
| Japan | 0.730*** | 0.697*** | 0.731*** | 0.704*** |
| | (0.192) | (0.202) | (0.196) | (0.193) |
| China | 0.628* | 0.648* | 0.645* | 0.678** |
| | (0.262) | (0.258) | (0.259) | (0.255) |
| Taiwan | -0.509 | -0.528 | -0.494 | -0.528 |
| | (0.343) | (0.329) | (0.335) | (0.325) |
| log (Amount) | -0.0994* | 0.0826 | -0.0910** | -0.0332 |
| | (0.0387) | (0.0794) | (0.0341) | (0.0539) |
| Days to Election (2020) | 0.00122* | 0.00125* | 0.00122* | 0.00126* |
| | (0.00058) | (0.00059) | (0.00056) | (0.00056) |
| Objection_Dummy | -3.116*** | -3.115*** | -3.118*** | -3.132*** |
| | (0.204) | (0.206) | (0.204) | (0.211) |
| TrumpVotes% * log (Amount) | | -0.00420* | | |
| | | (0.00176) | | |
| TrumpWon * log (Amount) | | | | -0.124* |
| | | | | (0.0603) |
| _cons | 1.810*** | -0.355 | 1.683*** | 1.000 |
| | (0.544) | (0.967) | (0.410) | (0.633) |
| N | 163465 | 163465 | 163465 | 163465 |

t statistics in parentheses
* p<0.05, ** p<0.01, *** p<0.001

***Table 4-3: Logit Regression Results (Old Portal)***

| Independent Variables | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| TrumpVotes% (2016) | 0.00154 | -0.00321 | | |
| | (0.00434) | (0.0158) | | |
| TrumpWon (2016) | | | -0.0890 | -0.182 |
| | | | (0.177) | (0.723) |
| NAFTA | 0.117 | 0.118 | 0.140 | 0.140 |
| | (0.337) | (0.337) | (0.334) | (0.334) |
| European Union | 0.207 | 0.210 | 0.229 | 0.228 |
| | (0.263) | (0.263) | (0.260) | (0.261) |
| Japan | 0.0671 | 0.0756 | 0.0882 | 0.0938 |
| | (0.263) | (0.264) | (0.254) | (0.250) |
| China | 0.162 | 0.170 | 0.181 | 0.185 |
| | (0.289) | (0.291) | (0.283) | (0.281) |
| Taiwan | -0.816 | -0.813 | -0.795 | -0.795 |
| | (0.532) | (0.530) | (0.511) | (0.507) |
| log (Amount) | -0.0809* | -0.103 | -0.0838** | -0.0891 |
| | (0.0332) | (0.0792) | (0.0324) | (0.0502) |
| Days to Election (2020) | 0.00647*** | 0.00648*** | 0.00647*** | 0.00646*** |
| | (0.00074) | (0.00075) | (0.00074) | (0.00073) |
| Objections | -1.606*** | -1.601*** | -1.601*** | -1.598*** |
| | (0.352) | (0.354) | (0.354) | (0.354) |
| TrumpVotes% * log (Amount) | | 0.000455 | | |
| | | (0.00144) | | |
| TrumpWon * log (Amount) | | | | 0.00927 |
| | | | | (0.0659) |
| _cons | -2.626** | -2.407* | -2.508** | -2.454** |
| | (0.885) | (1.0903) | (0.817) | (0.863) |
| N | 62773 | 62773 | 62773 | 62773 |

t statistics in parentheses
* p<0.05, ** p<0.01, *** p<0.001

*Findings and Interpretation*

The regression analysis based on the abovementioned models produces interesting findings. The results are depicted in Tables 4-2 (New Portal) and 4-3 (Old Portal). The most important discovery pertains to multiple characteristics of the tariff exclusion petitioner, such as the size or product origin of the tariff exclusion request, and the political orientation of its locality. The statistical results corroborate Hypothesis 3 and reject Hypothesis 4. After I consider the interactive effect between two pairs of variables, Hypothesis 1 and 2 also hold. These results will be the emphasis of my interpretation.

(1) The Amount of Requested Product

The amount of demanded product in each tariff exclusion request presents statistical results consistent with my theoretical expectation (Hypothesis 3). The variable of *log(Amount)* displays statistical significance and negative signs in all models without the interactive variable (Model 1 and Model 3 in Table 4-2 and 4-3). Marginal effect analysis underscores that a 1% increase in import product amount demanded in the tariff exclusion request decreases the odds of getting tariff exclusion approval by around 8-9% (Table 4-2a and 4-2c, 4-3a, and 4-3c). Tariff exclusion requests of smaller sizes show a higher chance of approval.

These results suggested that the Trump Administration was more willing to deliver tariff reliefs to businesses whose supply chains had smaller foreign elements but let punitive tariffs hit those with larger amounts of dependency on importation. This approach limited the damage to the integrity and credibility of the punitive tariff, encouraged companies to reduce their supply chain foreign exposure, and therefore reinforced the punitive tariff in terms of protecting domestic steel producers and pressuring foreign trade partners.

Meanwhile, this discretionary approach of tariff exclusion decision-making could assist small businesses whose demand for foreign steel materials was modest in size but crucial for their survival. Limited in information access and bargaining power, small businesses were typically more vulnerable to supply chain disruptions tariffs and therefore were more sensitive to the Trump Administration's decision of their tariff exclusion requests. Concurrently, small businesses featured lower capital-to-labor ratios and performed an outsized role in uplifting employment in the national economy. Thus, favorable treatment of small-sized tariff exclusion requests maximized the employment and electoral effect of each tariff exclusion and was the politically optimal way for the Trump Administration to operate the tariff exclusion process.

(2) The Interaction Variables

According to the results shown in Models 1 and 3 of both portals (Table 4-2 and 4-3), President Trump's 2016 electoral performance did not matter to whether individual exceptions were approved by the Commerce Department of his administration. *TrumpVotes%* and *TrumpWon* are both statistically insignificant at the .05 level. However, it is possible that local Trump support was related to other significant factors in affecting the tariff exclusion decision-making of the Commerce Department.

A theme of Mr. Trump's rhetoric throughout his 2016 campaign and first presidential term was his frequent promise to achieve economic and employment growth through rolling back international trade liberalization. A great portion of those remarks were delivered in his political rallies, which typically transpired in localities electorally leaning toward him. This pattern of presidential messaging could be paralleled by the policy delivery of the federal agencies amid Trump's term, given his emphasis on personal loyalty when managing federal

personnel and the long-term growth of presidential authorities in modern U.S. history.

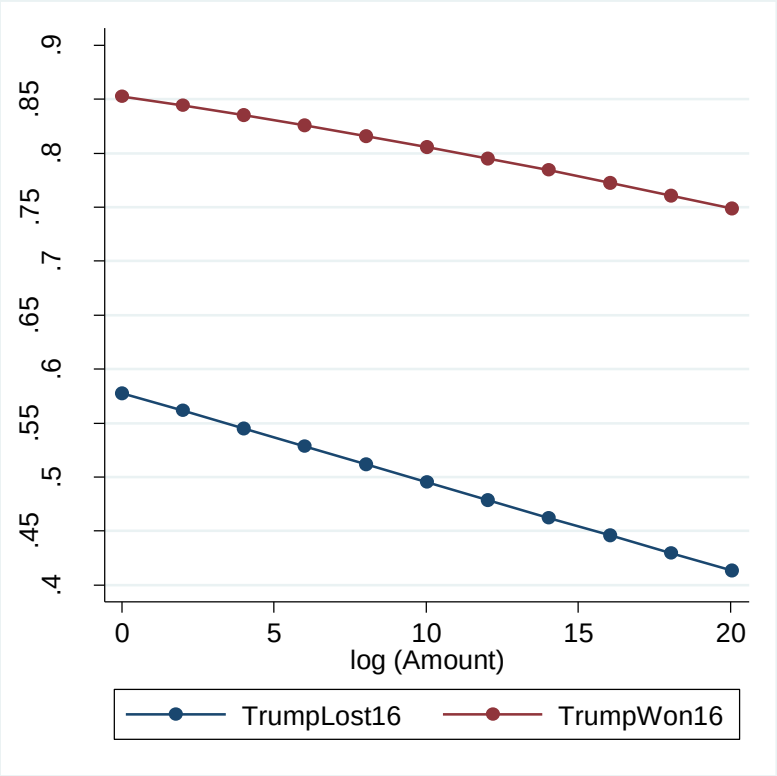
Therefore, the highly intensive effort by Mr. Trump to spread an economic nationalist message in his 2016-won regions could suggest a potential interactive effect existent between two vital factors of his administration's decision-making: 1) the support for Trump in a locality *(TrumpVotes%, TrumpWon*), and 2) the economic impact of his policies. To correspond with President Trump's domestic messaging efforts oriented toward the friendly districts that he was reshaping international trade through elevated tariff barriers, the Commerce Department could consider local Trump support and the international supply chain exposure of domestic business petitioners as intertwined factors in processing tariff exclusion requests. As a result, a constituency's 2016 support for Trump could interact with the size of a tariff exclusion request originating from there (*log(Amount*)) to affect the Commerce Department's tariff exclusion delivery.

Model 2 and Model 4 test the interactive effect between the support for President Trump in a petitioner's region and the size of requested imports in the tariff exclusion. The two interaction variables *TrumpVotes%*log(Amount)* and *TrumpWon*log(Amount)* are statistically significant in the New Portal (Table 4-2) but not in the Old Portal (Table 4-3). Correspondingly, *TrumpVotes%*, and *TrumpWon* are significant in the New Portal but not the Old Portal after controlling for the interactive effect. In the New Portal, both Trump support variables have a positive sign, and their respective interaction variables have a negative sign.

Figure 4-5 depicts the substantive effect of the interaction variable. As Figure 4-5 illustrates, the demanded product amount is negatively correlated with the request approval probability in both Trump-won and Trump-lost districts, but on average the request approval probability for the Trump-won regions exceeds the number for the Trump-lost region by a

remarkable gap of around 30 percentage points. This consistent gap of approval probability offers a foundation for my Hypothesis 2 that *the likelihood of obtaining approval per tariff exclusion request is positively correlated with whether President Trump won the district of the petitioner in 2016*.

***Figure 4-5: The Probability of Tariff Exclusion Approval at Different Amounts of Requested Product between Trump-Won and Trump-Lost Districts***




As elaborated in the previous section, it could be politically advantageous for the Trump Administration to favor petitioners who demanded smaller sizes of foreign products in the tariff exclusion process. In the context of President Trump's 2020 reelection, the administration should further consider the political leaning of a constituency in the last presidential election when consolidating its tariff policy and enabling international supply chain shifting. This favoritism could emerge in two forms. One potential scenario is that the Commerce Department delivered tariff reliefs for domestic businesses based on President

Trump's 2016 vote share of each district. More simply, another possibility is that the Commerce Department rewarded the districts that President Trump won in 2016. Doing this assisted President Trump's endeavor to build on the existing political support to replicate his latest electoral success. Statistical results of my research offer support for the second scenario.

(3) The Country Origin of the Requested Product

In contrast to my previous prediction (**Hypothesis 4**), significant variances of approval likelihood appear among products of different country origins in the New Portal. The country of Japan and China both see their products more likely to receive tariff exclusion approval than countries not enumerated in the statistical models. Based on the marginal effect statistics shown in Table 4-2a to 4-2d, the Japan origin of a product increases the odds of getting tariff exclusion approval by more than 100%, and the China origin raises such odds by around 90%. My statistical analysis shows a similar positive effect of Japan or China origin in the Old Portal, although the impact is not significant (Table 4-3a to 4-3d).

Interestingly, my findings echo an earlier review by the office of Senator Elizabeth Warren (2018) over 909 tariff exclusion decisions made in the first 30 days of the process (part of the Old Portal). The Warren team discovered that the overwhelming majority (80%) of tariff exclusion approvals went to Japan-(52%) and China-headquartered (27%) companies through their U.S. subsidies. According to the Warren team, Japan and China-headquartered companies got 84% and 94% of these tariff exclusion requests approved, respectively, while in comparison U.S.-headquartered companies had an approval rate of 25% for their tariff exclusion requests in this sample. Similarly, a New York Times report (Tankersley 2018) found that by early August 2018, more than 70 percent of tariff exclusion approvals granted

by the Commerce Department—nearly 1,000 out of more than 1,300—had gone to a single company in South Carolina which had been owned by a Chinese company since 2009.

The Commerce Department's favorable treatment of products from (and companies headquartered in) China—a "strategic competitor" first labeled by the Trump Administration per se (NSS-2017; Sevastopulo 2017)—is a paramount deviation from my theoretical expectation. This pattern implies that international factors were less instrumental than forecasted and were eclipsed by domestic factors in the decision-making of the tariff exclusion process amid the Trump Administration. Messaging domestic supporters exceeds signaling foreign nations.

Mr. Trump had lambasted the post-war international trade system and major U.S. trade partners for decades and had made the issue of international trade a central part of his presidential agenda. Correspondingly, President Trump's trade policy including the punitive steel tariff was originally advertised as a necessary correction of the current international trade system no longer advantageous to the United States and an effective punishment of foreign trade partners which had fueled their growth by violating international rules at the expense of U.S. interests (e.g. Proclamation 9705). Those claims, if genuine, would presage a restrictive tariff exclusion process that refused to favor any major trade partner's products. The statistical results reflecting this pattern of tariff exclusion would display no significant variation of approval between petitions of different import origins. For instance, statistical results about the Old Portal do not identify any significant association between the approval likelihood of tariff exclusion petitions and the major import origins of the requested products (Table 4-3).

In contrast, statistical results about the New Portal indicate that the Commerce

Department of the Trump Administration was giving Chinese steel imports preferential treatment in the tariff exclusion process since June 2019 when the New Portal was commenced. Doing so not only undercut the signal sent by President Trump himself throughout the Trade War but contravened the "Tough on China" posture of the Trumpian populist movement and President Trump's hard-fought nationalist brand. Whether being a civilian celebrity or a political leader, Mr. Trump was an exceptionally vocal China criticizer. He repeatedly called out China as a peer competitor that had developed itself through unfair and discriminatory trade practices including intellectual property theft, forced technology transfer, or government subsidy, and would potentially replace the United States as the world's leading power (Trump 2015a, 2016a, 2016b, 2016c). The combination of incendiary presidential rhetoric and cautious administrative practice presented an interesting antithesis to President Theodore Roosevelt's famous motto of "Speak softly and carry a big stick."

The China-favoring exclusion pattern of the New Portal revealed that the Trump Administration appeared more concerned about managing domestic grievances of economic voters than fighting foreign nations out of ideological purity and was willing to twist its tariff policy for electoral return as the 2020 elections approached. More specifically, the disconnection of the realistic operation of the steel tariff exclusion process from Mr. Trump's expressed hawkish China view could be attributed to several factors that had characterized a historic transitional period of U.S.-China relations.

The first one is that President Trump failed to define the essence of the China challenge throughout his presidency: Was it a security one, or a non-security, economic one? In the international arena, survival is the overarching goal of any sovereign nation, and security concerns always precede other considerations. An economic challenge can be settled by

bargain and compromise, while a security challenge probably necessitates a containment or even a rollback strategy. The absence of a precise and clear evaluation of the China challenge by the Trump Administration prevented the creation of a consistent China strategy. President Trump and his close advisors further added to the policy confusion by promulgating dubious terms such as "economic security" (Navarro 2018a and 2018b).

***Figure 4-6: Public Opinions about the Greatest U.S. Enemy***


The second reason is that incumbency compelled President Trump to moderate the position of Candidate Trump. President Trump's hawkish views about China remained the political marginal when his administration started to impose and exclude punitive steel tariffs. In light of the intrinsic difference between security and non-security competition, for the institutionally slow-moving federal government to take a much more confrontational China approach would require the mainstream of American political participants—elites and electorate alike—to perceive China as a primary security threat. Nonetheless, as exemplified

by Figure 4-6, American public opinions hadn't shifted to that stage when the President imposed his tariffs in 2018. In that year, only 11% of U.S. adults named China as America's greatest enemy, while 51% chose North Korea and 18% chose Russia (Younis 2023). The Gallup polls further showed that Americans who viewed China as a critical threat were in the minority at the beginning of the Trade War and only became the majority after President Trump left office (Brenan 2023).[40] At a time when China was gaining salience in American national politics but had not become a dominant security worry, overcommitting to a hawkish China position would not obtain enough political support and produce adequate political dividends. Rather, President Trump as an elective officeholder was held accountable for and had to respond to broader domestic concerns such as employment and inflation, which only became more forcible constraints as it got closer to his reelection. Therefore, the preferential treatment of imported products from a foreign strategic competitor became politically acceptable for supervisors of the tariff exclusion process if the Trump Administration felt the practice could help its electoral goal. In this regard, the classic political pattern of extremists moderating themselves once elected to office held for President Trump.

The third reason for the favorable tariff exclusion treatment of Chinese steel imports probably relates to the unfolding of the U.S.-China Trade War. Soon after the commencement of the New Portal on June 13, 2019, the Trump Administration reported

[40] According to the Gallup polls taken around the beginning of the Trade War, 41% of U.S. adults viewed the military power of China as a critical threat (February 2016), and 40% viewed the economic power of China as a critical threat (February 2018). Those numbers first passed the 50% threshold in February 2022 (when 67% said so) and February 2021 (when 63% said so), respectively.
See https://news.gallup.com/poll/471551/record-low-americans-view-china-favorably.aspx

progress in its trade negotiation with China in early September (Breuninger 2019a). On October 11, 2019, the administration declared a "tentative deal" with China (Breuninger 2019b), which virtually ended the U.S. trade war with China. In this context, a significantly higher approval possibility of tariff exclusion petitions for Chinese imports served to amplify the positive message from the U.S.-China trade negotiation and to encourage constituencies economically associated with China-dependent domestic businesses to vote for President Trump and his co-partisans in the 2020 election. As an interesting parallel, the signing of two minor trade deals between the U.S. and Japan on October 7, 2019 (Office of the United States Trade Representative) temporally coincided with and potentially accounted for the favorable tariff exclusion treatment of Japanese steel imports in the New Portal (Table 4-2).[41] In comparison, a trade deal with the European Union or Taiwan remained elusive amid the Trump Administration, corresponding to the absence of significantly differentiated treatment of import products from EU, Taiwan, and other countries in both the Old and the New Portal. In addition, the Trump Administration announced a monitoring mechanism with Canada and Mexico in replacement of the steel tariff on products from the two countries on May 17, 2019 (Fefer et al. 2021, 15), making the issue of the tariff exclusion process irrelevant to most American users of Canadian and Mexican steel products. Only a few hundred tariff exclusion petitions were filed to the New Portal (Table 4-1), and petitions of these two product origins displayed no significant difference in approval possibility in both the Old and the New Portal (Table 4-2 and 4-3).

[41] Later research could further explore when the tariff exclusion delivery pattern of favoring Chinese or Japanese products started in the new portal and whether such a pattern existed in the first three or four months before the abovementioned trade deals were reached.

When it came to China, the Trump presidency was probably less successful in propelling an adjustment of U.S. government policy than in assisting a transformation of U.S. public opinion: China's favorability in the U.S. had dropped to a historical low after four years of President Trump with an overwhelming majority of Americans now viewed the country negatively (Brenan 2023; Younis 2023). Combative presidential rhetoric and unconventional deployment of tariffs appeared to have made a difference in terms of political messaging instead of policy delivery. In the political environment of popular democracy, however, enabling such a noticeable shift of public opinion could condition future policymaking and generate far-reaching policy ramifications.

(4) Control Variables

My control variables for the number of days to the 2020 presidential election (*Days to Election*) and for the objections to each tariff exclusion petition (*Objections* for the Old Portal, and *Objection_Dummy* for the New Portal) are significant in all models. *Days to Election* has a positive sign, which indicates tariff exclusion petitions filed longer before the 2020 election were more likely to receive an affirmative response from the Commerce Department. Marginal effect analysis shows that filing the tariff exclusion petition one day earlier increased the odds of obtaining approval by 0.1% in the New Portal (Table 4-2a to 4-2d) and 0.6% in the Old Portal (Table 4-3a to 4-3d). The small size of the marginal effect suggests that the higher probability of approval for the earlier filed petitions was mainly caused by the pending time that each petition had to endure before receiving a decision from the Commerce Department.

Meanwhile, the objection control has a negative sign and large marginal effects. Having objections in the New Portal reduces the odds of approval by 95.6% (See Table 4-2a to 4-2d)

and each objection filed to the Old Portal slashes the odds of approval by around 90% (See Table 4-3a to 4-3d). These results corroborate earlier media and academic reports that the filed objections lowered the likelihood of the Commerce Department's approval for a tariff exclusion petition (Tankersley 2018; McDaniel and Brunk 2019, 2020a and 2020b).[42]

*Conclusion*

The Trump Administration imposed punitive tariffs on many primary steel imports in March 2018. The tariff was aimed to protect domestic steel producers from what the Administration saw as unfair foreign competition and to pressure foreign trade partners in trade negotiations. However, the steel tariff raised concerns of domestic steel users which

[42] I investigate other petition characteristics such as the type of the requested product or the petitioner's explanation for filing a request, but don't observe any significant impact of those variables or any change of preexisted results. I leave out these controls to 1) simplify my presentation of the results; and 2) leave the models for the New and Old Portal with same IVs and make the two groups comparable.

It is particularly important to test whether a petitioner's claim of domestic deficiency for the demanded product would impact the decision-making of the Trump Administration's Commerce Department on a tariff exclusion case. Commerce claimed that a major purpose to establish the tariff exclusion process was to help domestic firms purchase items not "produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality" (83 Federal Register 12106, March 19, 2018).

In the two George Mason datasets, only the dataset for the New Portal offers a reason for filling tariff exclusion requests. In the New Portal, 69,843 and 75,917 out of the 163,518 tariff exclusion requests mentioned "No U.S. Production" or "Insufficient U.S. Availability" as the reason, respectively. None of the explanation factors are significant as control dummies in my models. The George Mason datasets for the Old Portal does not specify the petitioner's reason for filling a tariff exclusion request.

were influential in federal elections. To respond to these domestic grievances, the Trump Administration established an exclusion process for the steel tariff.

In the context of a Trade War (2018-2019) unseen for decades, the establishment and operation of this tariff exclusion process triggers my academic interest. In this chapter, I explore the pattern and determinants of the Commerce Department's tariff exclusion decisions on the level of tariff exclusion request case. My logit regression analysis shows that the likelihood that a tariff exclusion request is approved increases 1) as President Trump's vote share increases in the petitioner's home congressional district; 2) if President Trump won the petitioner's home congressional district in 2016; 3) as the amount of demanded foreign product decreases; and 4) if the requested import product has a China origin. These findings contribute to the research on American politics and international relations. They suggest that when the 2020 election neared, President Trump was committed to replicating his 2016 electoral coalition by limiting the detrimental impact of his punitive tariffs to crucial voting groups such as the Trump-leaning constituencies and small businesses. This election-focused delivery of tariff relief measures contradicted his image as a staunch nationalist and the consideration of great power competition.

A case-level analysis cannot test all possible factors that impacted the Commerce Department's adjudication of tariff exclusion requests amid the Trump Administration. In most of U.S. history, the U.S. Congress has been the principal decision-making body of U.S. trade policy since the U.S. Constitution explicitly assigned it such authority (See Chapter 2). Therefore, in the next chapter, I will adopt congressional district as my unit of analysis to incorporate more independent variables into my regression models.

***Table 4-2a (Model 1): Marginal Effect-New Portal***

| TER Decision | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| Japan | 0.72963 | 3.79 | 0.000 | 107.4 | 29.8 | 0.3577 |
| China | 0.62811 | 2.4 | 0.016 | 87.4 | 26.6 | 0.375 |
| log (Amount) | -0.09944 | -2.571 | 0.010 | -9.5 | -21.5 | 2.432 |
| Days to Election (2020) | 0.00122 | 2.114 | 0.035 | 0.1 | 21.7 | 161.0203 |
| Objection_Dummy | -3.11642 | -15.247 | 0.000 | -95.6 | -74.6 | 0.4403 |
| _cons | 1.80978 | 3.33 | 0.001 | | | |

***Table 4-2b (Model 2): Marginal Effect-New Portal***

| TER Decision | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| % Trump Votes (2016) | 0.04935 | 2.408 | 0.016 | 5.1 | 117.1 | 15.7103 |
| % TrumpVotes * log (Amount) | -0.0042 | -2.389 | 0.017 | -0.4 | -53 | 179.926 |
| Japan | 0.69683 | 3.434 | 0.001 | 100.7 | 28.3 | 0.3577 |
| China | 0.64846 | 2.514 | 0.012 | 91.3 | 27.5 | 0.375 |
| Days to Election (2020) | 0.00125 | 2.125 | 0.034 | 0.1 | 22.3 | 161.0203 |
| Objection_Dummy | -3.11492 | -15.109 | 0 | -95.6 | -74.6 | 0.4403 |
| _cons | -0.35507 | -0.367 | 0.714 | | | |

***Table 4-2c (Model 3): Marginal Effect-New Portal***

| TER Decision | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| Japan | 0.73134 | 3.737 | 0.000 | 107.8 | 29.9 | 0.3577 |
| China | 0.64473 | 2.491 | 0.013 | 90.5 | 27.4 | 0.375 |
| log (Amount) | -0.091 | -2.669 | 0.008 | -8.7 | -19.9 | 2.432 |
| Days to Election (2020) | 0.00122 | 2.19 | 0.029 | 0.1 | 21.7 | 161.0203 |
| Objection_Dummy | -3.11818 | -15.249 | 0.000 | -95.6 | -74.7 | 0.4403 |
| _cons | 1.68344 | 4.109 | 0.000 | | | |

***Table 4-2d (Model 4): Marginal Effect-New Portal***

| TER Decision | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| Trump Won (2016) | 1.44256 | 2.276 | 0.023 | 323.2 | 99.5 | 0.4789 |
| TrumpWon * log (Amount) | -0.12433 | -2.063 | 0.039 | -11.7 | -45.0 | 4.8098 |
| Japan | 0.70379 | 3.651 | 0.000 | 102.1 | 28.6 | 0.3577 |
| China | 0.67826 | 2.656 | 0.008 | 97.0 | 29.0 | 0.375 |
| Days to Election (2020) | 0.00126 | 2.235 | 0.025 | 0.1 | 22.5 | 161.0203 |
| Objection_Dummy | -3.13155 | -14.806 | 0.000 | -95.6 | -74.8 | 0.4403 |
| __cons | 0.99975 | 1.58 | 0.114 | | | |

b = raw coefficient
z = z-score for test of b=0
P>|z| = p-value for z-test
% = percent change in the expected count for unit increase in X
%StdX = percent change in the expected count for SD increase in X
SDofX = standard deviation of X

***Table 4-3a (Model 1): Marginal Effect-Old Portal***

| TER Decision | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| log (Amount) | -0.08092 | -2.436 | 0.015 | -7.8 | -20.9 | 2.8978 |
| Days to Election (2020) | 0.00647 | 8.687 | 0.000 | 0.6 | 109.3 | 114.1677 |
| Objections | -1.60603 | -4.559 | 0.000 | -79.9 | -58.7 | 0.5501 |
| _cons | -2.62636 | -2.968 | 0.003 | | | |

***Table 4-3b (Model 2): Marginal Effect-Old Portal***

| TER Decision | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| Days to Election (2020) | 0.00648 | 8.669 | 0.000 | 0.6 | 109.5 | 114.1677 |
| Objections | -1.60085 | -4.526 | 0.000 | -79.8 | -58.6 | 0.5501 |
| _cons | -2.40704 | -2.208 | 0.027 | | | |

***Table 4-3c (Model 3): Marginal Effect-Old Portal***

| TER Decision | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| log (Amount) | -0.08377 | -2.589 | 0.010 | -8.0 | -21.6 | 2.8978 |
| Days to Election (2020) | 0.00647 | 8.775 | 0.000 | 0.6 | 109.2 | 114.1677 |
| Objections | -1.60107 | -4.517 | 0.000 | -79.8 | -58.6 | 0.5501 |
| _cons | -2.50763 | -3.068 | 0.002 | | | |

***Table 4-3d (Model 4): Marginal Effect-Old Portal***

| TER Decision | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| Days to Election (2020) | 0.00646 | 8.878 | 0.000 | 0.6 | 109.1 | 114.1677 |
| Objections | -1.59767 | -4.513 | 0.000 | -79.8 | -58.5 | 0.5501 |
| __cons | -2.45371 | -2.843 | 0.004 | | | |

b = raw coefficient
z = z-score for test of b=0
P>|z| = p-value for z-test
% = percent change in the expected count for unit increase in X
%StdX = percent change in the expected count for SD increase in X
SDofX = standard deviation of X

## Chapter 5: District-Level Statistical Analysis and Findings

Economic transitions have political consequences. The long-term decline of the U.S. manufacturing sector as a share of the national economy and employment has generated visible impacts on the federal politics of America in recent years. The 2016 election in particular raised the political saliency of American manufacturing to a level unseen since the Great Depression. Multiple 2016 presidential contenders from Senator Bernie Sanders (VT) on the left to Senator Ted Cruz (TX) on the right expressed their concerns about the current conditions of the manufacturing sector and blamed trade liberalization for hurting domestic producers (e.g. Sanders 2016, Cruz 2016). But no one among this group of manufacturing defenders received more attention for their skepticism of free trade than businessman Donald Trump. Vowing to reverse the nationwide trend of manufacturing decline through extraordinary protectionist measures such as high and extensive tariffs against major foreign trade partners, Mr. Trump narrowly flipped several crucial swing states dependent on manufacturing industries for employment and won the presidential election in 2016.

Achieving manufacturing recovery through rolling back trade openness remained at the top of Mr. Trump's agenda after his presidential inauguration, which reflected the new president's two long-held beliefs: 1) the manufacturing sector was pivotal for both job creation and national security; and 2) tariffs are a necessary and effective policy measure to rectify the established international trade system that had disadvantaged the United States. It did not take long for President-elect Trump to take action on trade. In 2017, his first year in office, he ordered multiple investigations over potentially unfair and harmful trade practices by foreign nations and simultaneously engaged in negotiations with certain investigated countries. At that time, these moves were still seen as expedient postures to signal domestic

audiences (e.g., Worstall 2016, Gandel 2016, Tan 2016, Kolko 2016) instead of a serious change in U.S. trade policy. However, in 2018, President Trump imposed several new punitive tariffs: a Section 201 action against solar panels and large washing machines from China and South Korea; a Section 232 action on steel and aluminum imports; and a Section 301 action against imports from China. These tariff measures created profound ramifications at home and abroad.

Although Candidate Trump's criticism of free trade and pledge to reinvigorate American manufacturing had resonated with a wide range of domestic voters, President Trump's acceptance of tariffs as a policy tool unsettled many. When the tariff actions were rolled out, more Americans showed unfavorable views than favorable ones (e.g. Jones 2018). The opponents included a recognizable part of the manufacturing sector (e.g. the automotive producers) because various domestic manufacturing producers were themselves significant steel users and were worried about inflated material costs following the tariff hikes. The unfavorable domestic opinions revealed an inconvenient gap between President Trump's ambitious campaign promise to the manufacturing sector and some unpopular consequences caused by his tariff policy. Failing to address this promise-to-reality gap would entail risks for both the president's reelection effort and his legacy: 1) it would threaten President Trump's support among the manufacturing-associated voters which had been a key component of his 2016 electoral coalition, and downgrade his 2020 reelection outlook in multiple crucial states, and 2) it would force domestic producers to implement stricter labor cost control through wage reduction and/or layoff as a way to offset higher material cost and jeopardize the president's vision of a U.S. manufacturing employment revival.

In order to tackle domestic concerns about the steel tariff, the Trump Administration

established a tariff exclusion process within the Commerce Department on March 19, 2018. In the context of aggressive presidential rhetoric and unexpected tariff actions throughout the Trade War, the creation and later reform of this tariff exclusion process represented a form of political pragmatism from the administration to confront and manage the unintended harmful effect of one of its primary policies on an interest group essential to both the president's reelection and legacy. To my knowledge, this domestically pragmatic element of the Trump trade policy has not attracted much scholarly attention. Did the Commerce Department of the Trump Administration operate the tariff exclusion process in a way to assist President Trump's 2020 reelection effort? If so, how did Commerce balance the electoral need to satisfy the tariff exclusion petitioners and the policy need to keep the integrity of the tariff actions? To answer these questions, this research will explore possible political incentives for and potential political utilization of the steel tariff exclusion process through an empirical analysis of relevant data.

The answers to these questions have important implications beyond the 2020 election. First, the nationalist-populist movement embodied by President Trump continues to be an influential force in American politics and an important determinant of U.S. policymaking. Second, taking unilateral tariff actions to support domestic manufacturing production and employment has been a policy pattern of the U.S. government in the past decade. Despite concurrent polarization and gridlock concerning many other issues in American politics, the policy consistency on trade and manufacturing has been strong and clear between administrations of different parties. Just as President Trump's tariff actions on foreign automotive, solar, and steel imports can find parallels in earlier tariff moves by President Obama (Loven 2009, Wang 2012, Soergel 2016), President Biden has chosen to keep and

upgrade a bulk of Trump tariffs (e.g. Proclamation 10328, 10356 and 10406) rather than scrap them altogether. Thus, this research will help people understand and predict future U.S. trade and industrial policymaking by illustrating existing policy patterns across presidencies.

*Background*

Manufacturing development is an important component of modern U.S. history. Compared to foreign peers that trace their heritage deeply back to the premodern agrarian time, America has a much greater portion of its national history transpiring in the Industrial Age and earned the status of world power when it grew into the world's top industrialized manufacturer (Duke et al. 1977, 1; Kennedy 1989, Chapter 5, esp. 242-249; Tarr 1988, 176). This unique historical experience secures a prominent position for U.S. manufacturing in the country's national identity and facilitates the politicization of manufacturing-related issues in national discourse. The strong and continual impulses of trade protectionism throughout post-war America reflect the political weight of the manufacturing sector (Dobson 1976; Irwin 2017, Chapter 11 and 12).

In the post-industrial era starting with the 1980s, the manufacturing sector continues to play a significant role in domestic politics. In this period, outsourcing and import competition enabled by trade liberalization has joined with technological progress to cause a decline in U.S. manufacturing employment (Acemoglu and Restrepo 2017; Pierce and Schott 2016; Autor, Dorn, and Hanson 2013) though not its production (U.S. Bureau of Labor Statistics 2023b and 2023c). For example, from the year 1994 when multinational negotiations reached the North American Free Trade Agreement and established the World Trade Organization, to the year 2015 when Donald Trump declared his presidential candidacy, U.S. manufacturing

employment dropped by around 36% (See Chapter 2, Figure 2-3). Worldwide, a similar decline in domestic manufacturing has been accompanied by a surge of populism in domestic politics (Emery 2019; Calhoun 2020; High 2020; Broz, Frieden and Weymouth 2021). Before the 2016 U.S. presidential election, for instance, deindustrialization contributed to several high-profile political events in other established democracies, such as the Scottish independence movement (Gibbs 2021; Phillips et al. 2021), Brexit (Clarke and Newman 2017; Mahoney and Kearon 2018), and the rise of the nationalist-populist party National Front in France (Erlanger 2012; Lory 2017). If this politico-economic pattern of the postindustrial world applies to the United States, the long-term decline of the U.S. manufacturing sector as a share of national employment should generate no less substantial impact in American politics.

Although studies have found technological advancement to be the major factor for job reduction in the United States (Autor and Dorn 2013; Autor, Dorn and Hanson 2013; Brynjolfsson and McAfee 2014; Graetz and Michaels 2015; Ford 2015; Acemoglu and Restrepo 2017), trade liberalization is frequently scapegoated for unemployment in U.S. public policy debate (Dobson 1976; Irwin 2017). One reason for this scenario could be that attacking free trade is a safe choice for U.S. politicians given the centuries-old tradition of trade protectionism in American history (Dobson 1976; Hansen and Prusa 1996, 1997; Hufbauer and Goodrich 2001; Irwin 2017). Meanwhile, blaming technology produces little political utility because the lack of publicly accepted options to contain technological innovation makes it difficult for political leaders to take action and deliver their promises.

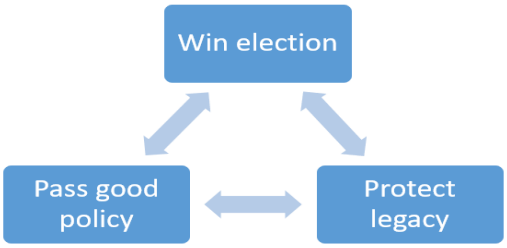
Public concerns about the consistent decline of domestic manufacturing amid deepened trade liberalization--including the frustrations of manufacturing workers--helped empower

the nationalist/populist movement represented by Donald Trump in 2016 (McClelland 2016; Pacewicz 2016; Porter 2016; Baccini and Weymouth 2021). In his first term, President Trump oriented the U.S. trade policy towards the direction of protectionism and left a legacy of tariffs that covered 12% of U.S. imports with high punitive tariffs, a level unseen since the 1930 Smoot-Hawley Tariff Act (Williams et al. 2020, 19; Bown and Zhang 2019). In the face of additional elections as an officeholder, however, President Trump had to consider the consequences of his unorthodox tariff deployment for the broader electorate. The Trump Administration established an exclusion process for the president's hallmark steel tariff in the year of its first mid-term election (March 19, 2018) and undertook an important reform of the process half a year after the mid-term (June 13, 2019). The development of this tariff exclusion process probably reflected a surging domestic pressure against the Trump Administration's wave after wave of punitive tariffs. The domestic electoral background for establishing the process in turn suggested a significant potential for the administration to politicize this process in order to facilitate President Trump's reelection.

### *Hypothesis*

I assume that presidents have three main goals: to win reelection for themselves and their party; to pass good public policy; and to protect their historical legacy (Light 1999; Eshbaugh-Soha 2005). These goals are interrelated as shown in Figure 5-1. For example, winning elections is required to pass policy, while passing policy also helps presidents win votes by taking credit for their policy achievements. Furthermore, passing good public policy helps presidents solidify their historical legacy, while their legacy may contribute to their party's long-term policy success on particular issues.

***Figure 5-1: Goals of Presidential Unilateralism***

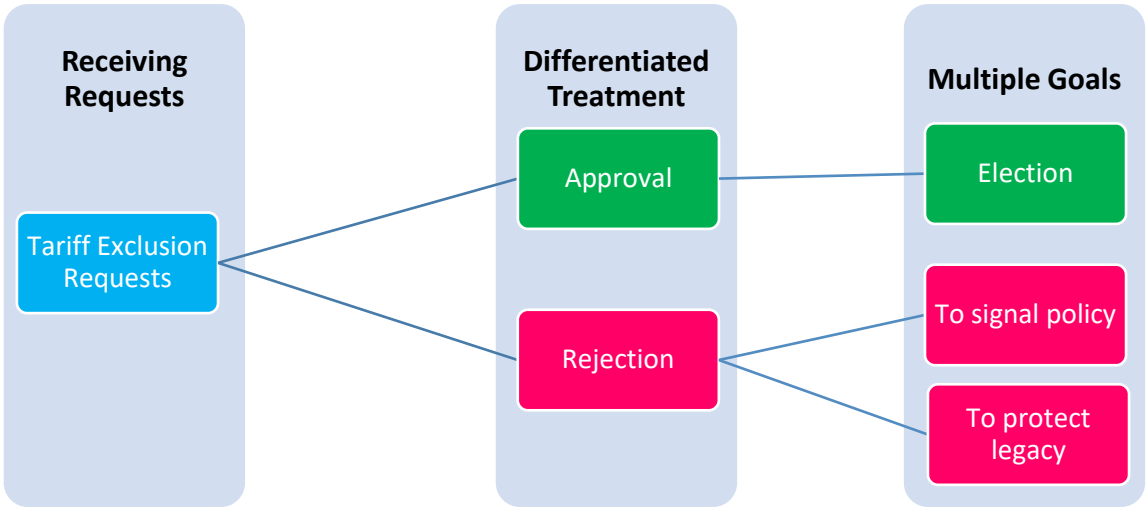



Two related electoral events could particularly heighten the electoral pressure on the Trump Administration during the 2018-2019 Trade War: 1) the 2018 mid-term election, in which President Trump's Republican party underperformed (Keeter and Igielnik 2020); 2) and the 2020 election, which the president and his co-partisans were committed to win. The loss of one crucial election and the approach of another one could multiply the weight of the election goal relative to other presidential goals for the Trump Administration and drive the federal bureaucracy to materially politicize its policymaking as an electioneering tool. The politicization of the Section 232 tariff exclusion process would aim to incentivize the president's 2016 supporters to vote for him and his party once again in 2020 by rewarding them with policy relief from the negative impact caused by the punitive steel tariff. As a result of that, the electoral context would be a significant factor in the operation of the tariff exclusion process and help clarify the pattern for the distribution of tariff exclusions.

As Figure 5-2 illustrates, the tariff exclusion approvals and rejections could play different yet equally important roles. The tariff exclusion approvals would concentrate on the more Trump-leaning constituencies to advance the president's election goal. They relieved the economic burden of grieved local steel users and conveyed the compassion of the incumbent Republican president to them. In those constituencies where President Trump obtained higher shares of votes in 2016, the approvals were more likely to encounter people who have and/or will consider voting for Trump as well as his co-partisans down the ticket,

and therefore served as an effective vehicle to improve their electoral prospect.

***Figure 5-2: The Tariff Exclusion Process and Presidential Goals***




On the contrary, the tariff exclusion rejections would cluster in the less Trump-leaning congressional districts to achieve the president's policy and legacy goal. Exposing those hostile constituencies to higher material prices, these rejections sent to foreign trade partners and domestic steel producers clear signals of the administration's resolve to deploy and maintain trade barriers to protect what it deems as crucial interests of the United States. Denying tariff exclusion petitions from these districts has minimal potential electoral costs for Trump and his co-partisans because tariff exclusions would not be as electorally useful in these surroundings. In the districts where President Trump underperformed in 2016, the tariff exclusion had a higher probability of reaching steadfast Trump opponents who wouldn't change their minds in elections despite the benefit and seeing its limited electoral effect further blunted by the greater presence of the Democratic Party organizations in those areas. Therefore, prioritizing friendly constituencies of the previous electoral cycle over hostile ones in granting tariff exclusion approvals helped the Trump Administration optimize the balance of conflicting presidential goals before the 2020 election.

I therefore expect the following:

**Hypothesis 1**: *The number of tariff exclusion approvals per congressional district is positively correlated with the share of President Trump's 2016 votes in the district of the petitioner.*

Mr. Trump reiterated through the 2016 campaign that his tariffs were conceived to protect and assist the American manufacturing sector (e.g. Trump 2015a, 2016a, 2016b and 2016c), but the Section 232 steel tariff failed to obtain any significant support from beyond the steel industry. At the same time, many downstream steel-using sectors expressed their opposition to this protection measure out of concerns about elevated input costs and resultant employment reduction (Seba and Gardner 2018; Singh 2020; Overly 2021). This opposition to the Trump steel tariff incorporates multiple industries in the manufacturing sector[43] due to their intense steel-using[44] (Russ and Cox 2018). The Trump steel tariff raised the material prices for them, and historically, many of those businesses were unable to pass on the heightened costs. For instance, a 2003 report by the U.S. International Trade Commission (DeFilippo et al. 2003, Page 14 of Chapter 2) indicated that less than 20% of surveyed steel-using companies had the capability of passing on any part of the augmented production costs that ensued from the Section 201 tariff on steel imports levied by the George W. Bush Administration in March 2002. In the face of tariff upheaval, those manufacturers had no

[43] Those industries include manufacturers of auto parts and motorcycles; household appliances, including large appliances like washing machines; farm machinery; machinery used in mining, oil extraction, and construction; batteries; armored military vehicles; and hardware.

[44] "Intensive steel-using" means that steel inputs represent at least 5 percent of the industry's total input requirements.

choice but to absorb the increased material costs by raising product prices and/or cutting employment, engendering considerable shocks and uncertainties detrimental to both employers and employees. In this context, the resistance to the Trump metal tariff from various manufacturing industries was natural.

The U.S. automobile industry was a particularly high-profile critic of the tariff (e.g., Dawson and Colias 2018; Carey 2019). For instance, the CEO of Ford Corporation contended that the Trump tariffs on steel and aluminum would cost his company 1 billion dollars within one year (Carey and Shepardson 2018). General Motors claimed that the tariff would lead to "a smaller GM, a reduced presence at home and abroad for this iconic American company, and risk less — not more — US jobs" (Keitz 2018). This harsh criticism was due to a clear reason: the automotive industry is a major steel user. In 2017, it used 13.2 million tons of steel, which comprised 16 % of total national consumption and 12 % of total national production[45]. On national average, steel constitutes 55% of an automotive vehicle[46] and the production of an automotive vehicle consumes 900 kg of steel[47].

In addition, the automotive industry as a manufacturing employer has undergone deep and extensive globalization in the past few decades, resulting in a considerable share of foreign ownership, a highly internationalized supply chain, and an ever-growing overseas market. In 2017, 431,000 of 970,000 employees (44.4%) in the automotive manufacturing industry of the U.S. were hired by foreign-owned companies. In comparison, 77,700 of

[45] In 2017, total steel production in the U.S. was 81.6 million tons and total steel consumption in the U.S. was 107 million tons (Tuck 2020).

[46] https://www.steel.org/steel-markets/automotive/value-of-steel-in-the-automotive-industry/

[47] https://worldsteel.org/steel-topics/steel-markets/automotive/

370,000 employees (21.0%) in the primary metal manufacturing industry (to which the steelmaking industry belongs) in the U.S. worked for foreign-owned companies (Brew, Noonan, and Aversa 2019; Bureau of Economic Analysis 2022). Also, 70% of value addition in automotive manufacturing occurs with the making of auto parts today, compared to 40% twenty-five years ago, and auto parts producers purchase significant shares of components from across the world (Canis 2018, 2). Moreover, the overseas market has become an increasingly salient factor in the operation and decision-making of American automotive producers. General Motors, for example, sold more vehicles in China than in the United States at the time of the Trump Administration's Section 232 investigation on automotive imports (Fefer 2021a, 1). Overall, the automotive industry itself had become too internationalized to welcome the punitive steel tariff and other forms of trade barriers.

The case of the automotive industry offered an example of why the presence of steel-using manufacturers in an area would ignite and fuel electoral sentiment in the surrounding constituencies against the administration's trade protectionism practices. Since steel-using manufacturers dwarf steel producers in terms of employment, objectors to the Trump tariffs would dominate the U.S. manufacturing sector and demand tariff exclusions for their material purchases. This demand was manifested by the sizeable quantities of manufacturing petitioners in both portals of the Section 232 tariff exclusion process (e.g. McDaniel and Brunk 2019, 2020a, 2020b). The U.S. manufacturing sector's negative view of the steel tariff directly contradicted the Trump administration's policy and goal of assisting domestic manufacturers with trade protectionist barriers against foreign competition. It also composed electorally threatening pressure on a president who had relied on a crucial shift of manufacturing voters in several swing states to win his first election (Irwin 2018; Lange

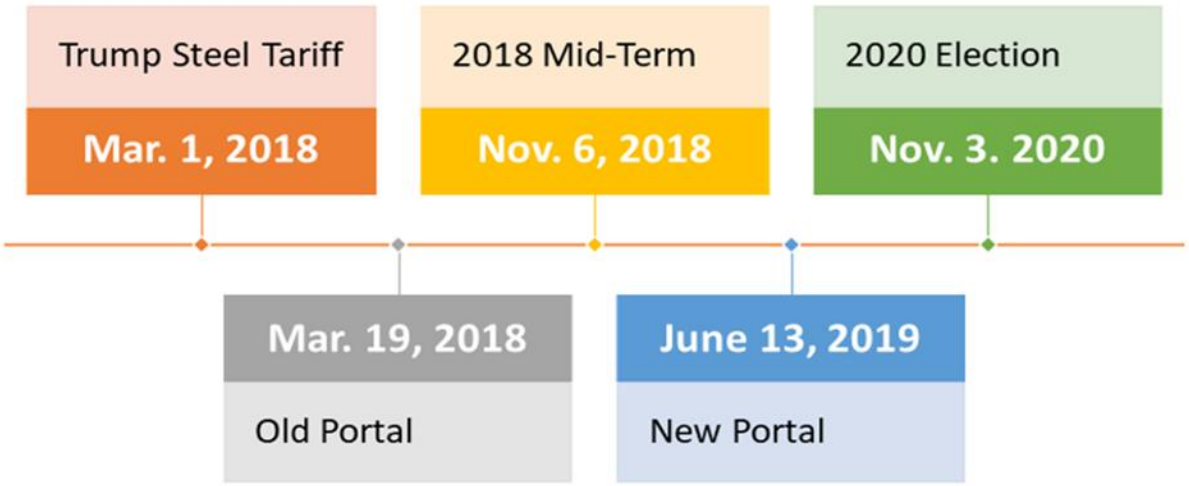
2019). To sustain and expand its appeal to those pivotal voters, the Trump Administration needed to react to the concerns of the manufacturing sector with an appropriate distribution of tariff exclusions. Therefore, I expect:

**Hypothesis 2**: *The number of tariff exclusion approvals per congressional district is positively correlated with the share of manufacturing jobs in the district.*

*Data and Methods*

To test my hypotheses and evaluate my theory, I analyze data collected from multiple data sources. The development and availability of those sources are illustrated in Figure 5-3.

***Figure 5-3: Key Dates of Trump Steel Tariff's Exclusion Process***




On March 1, 2018, President Trump declared a Section 232 tariff on steel imports which shocked the market. In response to concerns from domestic steel users including multiple manufacturing businesses, the Commerce Department of the Trump Administration commenced an exclusion process for the tariff on March 19, 2018. At this primary stage, the Commerce Department received industrial petitions for tariff exclusions and posted federal

government decisions on the *regulations.gov* website, where federal agencies addressed various other appeals within their jurisdictions. This research labels the first online platform for the Section 232 steel tariff exclusion process as the **Old Portal**.[48]

The functional quality of the Old Portal failed to satisfy its customers. Many industrial petitioners and congressional members complained that the tariff exclusion process was both confusing and time-consuming (Crooks and Fan 2018; McDaniel and Brunk 2019). In the face of widespread criticism, the Commerce Department established a separate online panel on June 13, 2019, that solely received and publicized decisions on exclusion requests for the punitive steel tariff. This research labels the second platform for the tariff exclusion process as the **New Portal**.[49] The New Portal continues to this day, even after the 2020 presidential election and the inauguration of the Biden Administration.

Scholars working for the Mercatus Center of George Mason University compiled two excellent datasets for the Section 232 tariff exclusion decisions made by the Trump Administration, one for the Old Portal and another for the New Portal. Their data collection concluded with the tariff exclusion decisions posted on January 19, 2021[50], the last day of the Trump Administration, and conforms to the scope of my research. The statistical analysis in this research is based on these George Mason datasets.

According to a Congressional Research Service (CRS) report, the Commerce Department received 260,450 exclusion petitions for the steel tariff by February 7, 2021, approving 59% of the requests and denying another 21%; the rest were withdrawn or pending

[48] https://www.regulations.gov/docket/BIS-2018-0006

[49] https://232app.azurewebsites.net/steelalum

[50] See https://www.quantgov.org/tariffs#232-new

(Fefer et al. 2021, 12). The two George Mason datasets in total incorporated 226,315 cases, 62,797 for the Old Portal and 163,518 for the New Portal. Among the Old Portal cases, 49% (30, 545) are approved, 21% (13,261) are denied, and 30% (18, 991) are pending. The George Mason dataset for the Old Portal hasn't been updated after June 13, 2019, and the *regulations.gov* website does not provide an adequate statistical summary on this topic, making it impossible for this research to follow the results of all these pending cases. Among the New Portal cases, 61% (99, 728) were approved, 18% (29, 216) were denied; and the rest were withdrawn, pending, or unknown by January 19, 2021, the last day of the Trump Administration.[51]

To acquire further information and test my research hypotheses through inferential statistics, I build regression models. The unit of analysis is congressional districts, and I incorporate my independent variables of presidential electoral support and manufacturing employment share, and various demographic controls into the regression models. Congressional districts are an appropriate choice for the analysis because Congress is the constitutionally assigned and historically principal decision-making body of U.S. trade policy (Dobson 1976; Irwin 2017). The number of observations is 435, and I have tested the robustness of all significant results by removing from the sample the three congressional districts with the largest amount of tariff exclusion applications.

I employ the method of **negative binomial regression** for my analysis because my dependent variable, the number of tariff exclusion approvals, is a count variable and passes the LR test to show overdispersion in all my research models. The different starting and

[51] Excluding the pending, withdrawing, or unknown cases of both portals from my statistical analysis does not change the following results.

operational times of the two tariff exclusion portals before the 2018 and 2020 elections imply substantially distinctive electoral pressures to the tariff exclusion process and necessitate separate statistical investigations of the tariff exclusion data from the two portals. Therefore, I explore the tariff exclusion data generated in four different periods:

**Model 1**: *Approvals in New Portal ≈ f (Trump*Votes%*, District Controls, MC Controls)*

**Model 2**: *Approvals in Old Portal ≈ f (Trump*Votes%*, District Controls)*

**Model 3**: *Approvals in Old Portal in 2019 ≈ f (Trump*Votes%*, District Controls, MC Controls)*

**Model 4**: *Approvals in Old Portal in 2018 ≈ f (Trump*Votes%*, District Controls, MC Controls)*

Table 5-1 compiles all the variables of my models. I collected data on congressional district demographics from the U.S. Census Bureau and data on members of Congress (MCs) characteristics from the website of the U.S. House. Dave Leip's Atlas provides district-level 2016 presidential votes.

***Table 5-1: Independent and Control Variables***

| **Main Independent Variables** | **District Controls** | **MC Characteristic Controls** |
|---|---|---|
| Trump Votes% (2016)<br>Manufacturing jobs% | Bachelor+%<br>Unemployment%<br>Poverty%<br>Senior (45+)%<br>White People%<br>Steel Producer<br>No. of Decided Cases | Steel Caucus<br>Powerful Cmte.<br>No. of Terms<br>Party<br>Ideology |

I include two main categories of variables in our analysis. The first set of measures relates to the characteristics of the MC's district. The key independent variables in this category are *Trump Votes% (2016)* and *Manufacturing Jobs%*. I expect that for each

congressional district, the share of votes for President Trump in 2016 and the share of manufacturing employment increase the likelihood that a tariff exclusion petition from the district gets an approval decision. In addition, I control for the demographics of the congressional district, such as the share of the constituency who are college-degree holders, who are unemployed, who live under the poverty line, who are above 45 years old, and who are white. Two more control variables I include are a dummy variable about whether there is a steel producer in the district (*Steel Producer*; coded 1 for yes and 0 for no), and the number of decided petitions from each district. I collect most data about congressional district characteristics from the U.S. Census Bureau and the district-level 2016 presidential votes from Dave Leip's Atlas.

The second main category of independent variables is specific, including the congressional member's party, ideology, terms of service, powerful committee membership, and steel caucus membership. Party affiliation is coded one if the MC is a Republican and zero if she is a Democrat. Consistent with most congressional research, I measure MCs' ideology using Lewis, Poole, and Rosenthal's first dimension DW-NOMINATE score (*MC_Ideology*). The *Powerful Committee* dummy covers membership of the Ways and Means, Budget, Appropriation, and Rules Committee.

*Results*

(1) The Focal IV: TrumpVotes%

Among the listed regression models (**Table 5-2**), Model 1 shows statistical significance at the 5% level for the focal independent variable, 2016 Trump vote share per congressional district (*TrumpVotes%*). The focal IV has a positive sign in Model 1 and 4 but a negative sign

in Model 2 and 3. The significant regression coefficient in Model 1 indicates that for each one percentage of increase in Trump vote share per district, the expected log count of New Portal tariff exclusion approvals per district increases by 0.0431. Marginal effect analysis (**Table 5-3**) shows that each percentage increase in 2016 Trump vote share per district is associated with a 4.4 percent increase in the expected mean of tariff exclusion approvals per district, and one standard deviation increase in 2016 Trump vote share per district is correlated with 106.4 percent of increase in the expected mean of tariff exclusion approvals per district, holding all other variables constant.

The results support my research hypothesis (**Hypothesis 1**) that the number of tariff exclusion approvals per congressional district is positively correlated with the share of the president's 2016 votes in the district and implies that political influence over the Commerce Department's processing of tariff exclusion petitions became noticeable after the New Portal started operating on June 13, 2019. Practically, that means that the Trump Administration started deploying tariff exclusions to reward the president's 2016 supporters when it came close to the 2020 election. In contrast, none of the models focused on the Old Portal (Model 2-4) exhibit a significant correlation between the DV and the focal IV, implying little politicization in this earlier operating stage of the tariff exclusion process (from March 19, 2018, to June 12, 2019).

***Table 5-2: Negative Binomial Regression Results***

| **Independent Variables** | **Model 1** New Portal | **Model 2** Old Portal | **Model 3** Old Portal 2019 | **Model 4** Old Portal 2018 |
|---|---|---|---|---|
| Trump Votes% (2016) | 0.0431* | -0.0121 | -0.016 | 0.00306 |
| | (0.0184) | (0.0112) | (0.0229) | (0.0143) |
| Manufacturing Jobs% | 0.142** | 0.140** | 0.137** | 0.132** |
| | (0.0321) | (0.0313) | (0.0414) | (0.0313) |
| Bachelor+% | 0.0711** | 0.0367* | 0.0473* | 0.0435** |
| | (0.0211) | (0.0153) | (0.0237) | (0.0163) |
| Unemployment% | 0.132 | 0.0500 | 0.198 | 0.0619 |
| | (0.118) | (0.124) | (0.202) | (0.121) |
| Poverty% | 0.0238 | 0.0392 | -0.0396 | 0.0504 |
| | (0.0425) | (0.0390) | (0.0607) | (0.0397) |
| Senior (45+)% | 0.0102 | 0.0335 | 0.0310 | 0.0214 |
| | (0.0290) | (0.0340) | (0.0494) | (0.0325) |
| White People% | -0.953 | 1.114 | 0.464 | 0.843 |
| | (1.103) | (1.020) | (1.492) | (1.036) |
| Steel Producer | 0.382 | 0.272 | 0.860* | 0.372 |
| | (0.322) | (0.278) | (0.397) | (0.283) |
| Steel Caucus | -0.0671 | -0.0933 | -0.104 | 0.0575 |
| | (0.395) | (0.329) | (0.466) | (0.339) |
| Powerful Cmte. | 0.182 | | 0.261 | -0.0163 |
| | (0.273) | | (0.344) | (0.245) |
| No. of Terms | -0.0111 | | -0.0156 | -0.0242 |
| | (0.0278) | | (0.0357) | (0.0249) |
| MC_Party (GOP) | 1.122 | | 0.0138 | -0.286 |
| | (0.885) | | (1.239) | (0.349) |
| MC_Ideology | -1.925 | | 0.330 | 0.0754 |
| | (1.052) | | (1.631) | (0.253) |
| Decided Cases (New) | 0.00237** | | | |
| | (0.0003) | | | |
| Decided Cases (Old) | | 0.00550** | | |
| | | (0.0007) | | |
| Decided Cases (O_2019) | | | 0.0630** | |
| | | | (0.0106) | |
| Decided Cases (O_2018) | | | | 0.00978** |
| | | | | (0.00115) |
| _cons | -3.980 | -3.053 | -4.964 | -3.458* |
| | (2.053) | (1.664) | (2.736) | (1.687) |
| lnalpha | 1.665** | 1.465** | 1.931** | 1.447** |
| | (0.0739) | (0.0808) | (0.127) | (0.0828) |
| N | 435 | 435 | 435 | 435 |

t statistics in parentheses
* p<0.05, ** p<0.01

***Table 5-3 (Model 1): Marginal Effect***

| TER Approvals | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| Trump Votes% (2016) | 0.04314 | 2.340 | 0.019 | 4.4 | 106.4 | 16.7966 |
| Manufacturing Jobs% | 0.14155 | 4.410 | 0.000 | 15.2 | 94.5 | 4.6998 |
| Bachelor+% | 0.07110 | 3.375 | 0.001 | 7.4 | 117.7 | 10.9379 |
| Decided Cases | 0.00237 | 7.490 | 0.000 | 0.2 | 1855.4 | 1255.6063 |
| _cons | -3.98042 | -1.939 | 0.053 | | | |
| ln alpha | 1.66490 | 22.527 | | | | |

***Table 5-4 (Model 2): Marginal Effect***

| TER Approvals | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| Manufacturing Jobs% | 0.14026 | 4.486 | 0.000 | 15.1 | 93.3 | 4.6998 |
| Bachelor+% | 0.03670 | 2.399 | 0.016 | 3.7 | 49.4 | 10.9379 |
| Decided Cases | 0.00550 | 8.031 | 0.000 | 0.6 | 1569.6 | 511.5893 |
| _cons | -3.05315 | -1.835 | 0.067 | | | |
| ln alpha | 1.46509 | 18.129 | | | | |

***Table 5-5 (Model 3): Marginal Effect***

| TER Approvals | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| Manufacturing Jobs% | 0.13714 | 3.311 | 0.001 | 14.7 | 90.5 | 4.6998 |
| Bachelor+% | 0.04728 | 1.997 | 0.046 | 4.8 | 67.7 | 10.9379 |
| Steel Producer | 0.86049 | 2.170 | 0.030 | 136.4 | 38.9 | 0.3821 |
| Decided Cases | 0.06303 | 5.939 | 0.000 | 6.5 | 3998.6 | 58.9118 |
| _cons | -4.96382 | -1.814 | 0.070 | | | |
| ln alpha | 1.93123 | 15.184 | | | | |

***Table 5-6 (Model 4): Marginal Effect***

| TER Approvals | b | z | P>z | % | %StdX | SDofX |
|---|---|---|---|---|---|---|
| Manufacturing Jobs% | 0.13241 | 4.230 | 0.000 | 14.2 | 86.3 | 4.6998 |
| Bachelor+% | 0.04354 | 2.678 | 0.007 | 4.4 | 61.0 | 10.9379 |
| Decided Cases | 0.00978 | 8.477 | 0.000 | 1.0 | 2536.7 | 334.5614 |
| _cons | -3.45755 | -2.050 | 0.040 | | | |
| ln alpha | 1.44706 | 17.478 | | | | |

b = raw coefficient
z = z-score for test of b=0
P>|z| = p-value for z-test
% = percent change in the expected count for a unit increase in X
%StdX = percent change in the expected count for SD increase in X
SDofX = standard deviation of X

Interestingly, the significant correlation reflecting the politicization of the tariff exclusion process exists only in the New Portal but not in the Old Portal. This statistical difference between the two portals challenges the claim by the Commerce Department of the Trump Administration that the substitution of the Old Portal for the New Portal was merely to streamline the tariff exclusion process (U.S. Department of Commerce 2019, Page 4). According to my statistical results, electoral considerations wielded more sway in the New Portal and led the Commerce Department to undertake partisan differentiation when it delivered tariff exclusions to constituencies. With this approach, a congressional district with a higher share of Republican voters would receive a greater number of tariff exclusion approvals while more Democratic congressional districts would witness more tariff exclusion rejections. Both the negative binomial regression results (**Table 5-2**) and marginal effect analysis (**Table 5-3**) corroborate this pattern by displaying the significant positive correlation between the New Portal tariff exclusion approvals per district and the 2016 Trump vote share per district.

(2) The Manufacturing Variable

The variable of manufacturing job share per congressional district (*ManufacturingJobs%*) shows significance at the 1% level and a positive sign in all models (**Table 5-2**). The regression coefficient indicates that for each percentage of increase in manufacturing job share per district, the expected log count of New Portal tariff exclusion approvals per district increases by 0.142 (Model 1), and the expected log count of Old Portal tariff exclusion approvals per district increases by 0.140 (Model 2), 0.137 (Model 3), or 0.132 (Model 4). Marginal effect analysis further displays that each percentage increase in manufacturing job share per district is associated with a 15.2 percent increase in the expected

mean of New Portal tariff exclusion approvals per district (**Table 5-3**); For the Old Portal, this increase in the expected mean of tariff exclusion approvals per district is 15.1 (**Table 5-4**), 14.7 (**Table 5-5**), or 14.2 (**Table 5-6**) percent. One standard deviation of increase in manufacturing job share per district is correlated with a 94.5 percent increase in the expected mean of tariff exclusion approvals per district (**Table 5-3**); For the Old Portal, this increase in the expected mean of tariff exclusion approvals per district is 93.3 (**Table 5-4**), 90.5 (**Table 5-5**), or 86.3 (**Table 5-6**) percent.

The results support my hypothesis (**Hypothesis 2**) that the number of tariff exclusion approvals per congressional district is positively correlated with the share of manufacturing jobs in the district and illustrate that the Trump Administration was deploying tariff exclusions to court manufacturing voters, who as a whole are opposed to the metal tariff. The fact that Trump's metal tariff was not received well by the American manufacturing sector--which it aimed to protect and revive--is significant because U.S. steel users easily dwarf steel producers in terms of employment. According to Russ and Cox (2018), for each job in the steelmaking industry, there are eighty jobs in the steel-using industry. The number of U.S. jobs involving some sort of steel-using in their work was more than 12 million in 2017, 2 million of which are in businesses that use steel "intensively" or incur at least 5 percent of the industry's total costs in terms of steel inputs. Russ and Cox (2018) offer some examples of intensive steel users in the manufacturing sector, such as "producers of auto parts and motorcycles; household appliances, including large appliances like washing machines; farm machinery; machinery used in mining, oil extraction, and construction; batteries; armored military vehicles; and hardware." Statistical data from the U.S. Bureau of Labor Statistics (2023) indicate that these listed industries could have sustained a total of 3.16 million jobs at

the end of 2017[52], the year before the Trump Administration imposed the steel tariff. These jobs constitute a significant portion (25.22%) of total manufacturing employment in the United States. Unable to pass on the tariff-elevated material costs by simply raising the price (DeFilippo et al. 2003, Page 14 of Chapter 2), the steel-using manufacturers often have to slash other forms of costs including labor. This scenario contradicted the policy goal of the Trump tariffs to protect and stimulate employment, placed the American manufacturing sector against the Trump metal tariff, and threatened to push certain electorally important industrial states (e.g. Michigan) away from the president and his party in the 2020 election (Holland and Rampton 2019; Lawder 2020; Singh 2020). Electoral pressure of this kind and scale sufficed to drive the Commerce Department of the Trump Administration to grant more tariff exclusion approvals to the constituencies that are heavily involved in manufacturing.

The strategic deployment of tariff exclusions was not the only means by which the Trump Administration was responding to the tariff-weary manufacturing electorate. To further advance the electoral goal of winning domestic manufacturers' support for the punitive tariff policy, the Trump Administration utilized another form of trade policy tool: cascading protection. Cascading protection indicates secondary round(s) of tariffs to protect products negatively impacted by the primary round of duties. By augmenting the coverage of

[52] I calculated the steel-intensive jobs by adding the December 2017 employment numbers of the three manufacturing subsectors whose employment statistics are available on the website of U.S. Bureau of Labor Statistics: Machinery Manufacturing (NAICS 333)—1.10 million; Electrical Equipment, Appliance, and Component Manufacturing (NAICS 335)—0.39 million; and Transportation Equipment Manufacturing (NAICS 336)—1.67 million. The scope of these subsectors is approximate to the industries exemplified by Cox and Russ. Total manufacturing employment of the United States is 12.53 million jobs by the end 2017.

punitive tariffs, cascading protection transforms interest groups that would conflict with each other in the scenario of narrower tariff protection into like-minded allies. This expansion of the pro-tariff coalition reinforces and entrenches the primary round of punitive tariffs, making their removal politically much more difficult.

On January 24th, 2020, nine months before the presidential election, President Trump declared a Section 232 tariff on steel and aluminum derivative products. This tariff covered $450 million of US imports based on 2017 import numbers (Bown 2020) or $800 million based on 2018 import numbers (Williams and Hammond 2020, 3). In another form of cascading protection, the Trump Administration presided over a significant rise of U.S. Antidumping and Countervailing Duties (AD/CVD) investigations on foreign finished or derivative metal products containing steel and aluminum since the imposition of primary Section 232 metal tariff (Fefer et al. 2021b, 13). Applicants for these AD/CVDs were mainly American manufacturers of the finished or derivative products which now faced elevated costs of metal inputs in comparison to their foreign competitors. This increase in AD/CVDs added another $5 billion of US imports under punitive tariff protection (based on 2017 import numbers; see Bown 2020). These policies were likely to expand had President Trump won a second term in 2020 and will likely return should he win in 2024.

(3) The Control Variables

In **Table 5-2**, the variable of college+ voter share per congressional district (*Bachelor+%*) shows significance at the 0.1% level in Model 1, at the 5% level in Model 2 and 3, and 1% level in Model 4. In all models, the variable shows a positive sign. The number of decided petitions (*Decided Cases*) is the only other control variable that shows

significance across the four models. The rest of the control variables are insignificant[53].

The regression coefficient indicates that for each one percentage of increase in college+ voter share per district, the expected log count of New Portal tariff exclusion approvals per district increases by 0.0711 (Model 1), and the expected log count of Old Portal tariff exclusion approvals per district increases by 0.0367 (Model 2), 0.0473 (Model 3), or 0.0435 (Model 4). Marginal effect analysis further displays that each percentage increase in college+ voter share per district is associated with a 7.4 percent increase in the expected mean of New Portal tariff exclusion approvals per district (**Table 5-3**); For the Old Portal, this increase in the expected mean of tariff exclusion approvals per district is 3.7 (**Table 5-4**), 4.8 (**Table 5-5**), or 4.4 (**Table 5-6**) percent. One standard deviation of increase in college+ voter share per district is correlated with a 117.7 percent increase in the expected mean of tariff exclusion approvals per district (**Table 5-3**); For the Old Portal, this increase in the expected mean of tariff exclusion approvals per district is 49.4 (**Table 5-4**), 67.7 (**Table 5-5**), or 61.0 (**Table 5-6**) percent.

The results indicate that the number of tariff exclusion approvals per congressional district is positively correlated with the share of college+ voters in the district and illustrate that the Trump Administration was deploying tariff exclusions to court college-educated voters. The administration's preferential treatment of tariff exclusion requests from more college-educated districts corroborates established literature and data about voters' education level and their views and behaviors regarding trade policymaking.

In the history of U.S. trade policymaking, protectionists usually prevailed over their opponents. Geographical concentration and political activism provided trade protectionists

[53] The *Steel Producer* dummy shows significance in Model 3.

such as the steel industry with disproportionally enormous influence in the American political system, while the geographically disseminated and politically under-mobilized opponents to trade barriers such as domestic consumers and small businesses often lacked the chance to advocate for a U.S. trade policy favorable to their interests. College education helps solve the political mobilization disadvantage of the opponent camp by elevating voters' awareness of and participation in public affairs. More perceptive to the public policy environment and more reactive to relevant policy change, college-educated voters either give a voice to the opponent camp or amplify it and threaten the commanding position long enjoyed by the protectionist side through the history of U.S. trade policymaking (Dobson 1976; Irwin 2017). All other things equal, congressional districts with higher shares of college-educated voters are more sensitive and vocal in the public discourse of trade policy adjustment including tariff imposition. Consequently, these districts generate more intense electoral pressures to which the reelection-focused Trump Administration would have to respond with a greater quantity of district-particularized policy rewards before the 2020 general election.

*Conclusion and Implications*

The Trump Administration imposed punitive tariffs on many primary steel imports in March 2018. The tariff was aimed to protect domestic steel producers from what the Administration saw as unfair foreign competition and to pressure foreign trade partners in trade negotiations. However, the steel tariff raised concerns of domestic steel users which were influential in federal elections. To respond to these domestic grievances, the Trump Administration established an exclusion process for the steel tariff.

The results show that the number of tariff exclusion approvals per congressional district

is positively correlated with 1) the share of President Trump's 2016 votes in the district of the petitioner and 2) the share of manufacturing jobs in the district. The share of college+ educated voters is another significant factor. These findings contribute to the research on American politics. They suggest that when the 2020 election neared, President Trump was trying to replicate his 2016 electoral coalition by curbing the detrimental impact of his punitive tariffs on crucial voting groups such as the Trump-leaning constituencies and domestic steel-using manufacturers. This election-focused delivery of tariff relief measures displayed the pragmatist side of President Trump as a player in domestic politics and contradicted his widely received image of a staunch nationalist.

In the United States, steel users easily dwarf steel producers in terms of employment. For each job in the steelmaking industry, there are eighty jobs in the steel-using industry (Russ and Cox 2018). The imposition of the steel tariff made many domestic manufacturers, especially the intense users of steel (e.g. producers of auto parts and motorcycles), worry about the upcoming rise in material cost. Unable to pass on the tariff-elevated material costs to their downstream clients (DeFilippo et al. 2003, Page 14 of Chapter 2), the steel-using manufacturers often have to slash other forms of costs including labor. This scenario contradicts the policy goal of the Trump tariffs to protect and stimulate employment.

The skepticism of domestic manufacturers to the Trump tariffs transcended the issue of steel. For example, the U.S. automobile industry as a large and influential manufacturing employer expressed strong opposition to punitive tariffs in two of the Trump Administration's Section 232 tariff actions, the first one on steel imports and the second one on automotive imports (e.g., Dawson and Colias 2018; Carey 2019). Electoral pressure of this kind and scale threatened to push certain electorally important industrial states (e.g.

Michigan) away from President Trump and his party in the 2020 election (Holland and Rampton 2019; Lawder 2020; Singh 2020) and compelled the Trump Administration to respond. As a result, the Administration either granted more tariff exclusion approvals to the constituencies heavily involved in manufacturing (in the case of the steel tariff) or paused the whole tariff action (in the case of the automotive tariff).

If the tariff exclusion process was conceived as a policy tool to help President Trump politically, did it achieve that goal? There are signs that the tariff exclusion process has effectively complemented the Trump steel tariff and consolidated President Trump's legacy. Although Donald Trump lost to Joe Biden in the 2020 election, the Biden Administration refrained from scrapping the Trump steel tariff and continued the operation of the tariff exclusion process, leaving an important part of President Trump's legacy intact. The trade policy of two administrations shows consistency in more than one area. For instance, the Biden Administration signed tariff-quota deals on steel imports with the European Union, Japan, and Britain (Proclamation 10328, 10356 and 10406), which paralleled earlier deals reached by the Trump Administration with South Korea, Brazil, Canada, and Mexico (Proclamation 9740, 9759 and 9894). Despite concurrent polarization and gridlock about many other issues in American politics, the policy consistency on trade and manufacturing has been strong and clear between administrations of different parties. Meanwhile, the nationalist-populist movement embodied by President Trump continues to be an influential force in American politics and an important determinant of U.S. policymaking. Therefore, the pattern of Trump-era trade policy transcends the Trump presidency and can impact future U.S. trade policymaking in the years to come.

# Chapter 6: Conclusion

The Trump Administration imposed punitive tariffs on many primary steel imports in March 2018. The tariff was aimed to protect domestic steel producers from what the Administration saw as unfair foreign competition and to pressure foreign trade partners in trade negotiations. However, the steel tariff raised concerns of domestic steel users which were influential in federal elections. To respond to these domestic grievances, the Trump Administration established an exclusion process for the steel tariff. In the context of a Trade War (2018-2019) unseen for decades, the establishment and operation of this tariff exclusion process triggers my academic interest.

## *Findings and Implications from the Tariff Exclusion Case Level Analysis*

In Chapter 4, I explore the pattern and determinants of the Commerce Department's tariff exclusion decisions on the level of tariff exclusion request case. My logit regression analysis shows that the likelihood that a tariff exclusion request is approved increases 1) as President Trump's vote share increases in the petitioner's home congressional district; 2) if President Trump won the petitioner's home congressional district in 2016; 3) as the amount of demanded foreign product decreases; and 4) if the requested import product has a China origin. These findings contribute to the research on American politics and international relations. They suggest that when the 2020 election neared, President Trump was committed to replicating his 2016 electoral coalition by limiting his punitive tariffs' detrimental impact on crucial voting groups such as the Trump-leaning constituencies and small businesses. This election-focused delivery of tariff relief measures contradicted his image as a staunch nationalist and the consideration of great power competition.

The Commerce Department's favorable treatment of products from (and companies headquartered in) China—a "strategic competitor" first labeled by the Trump Administration per se (NSS-2017; Sevastopulo 2017)—is a paramount deviation from my theoretical expectation. My findings echo an earlier review by the office of Senator Elizabeth Warren (2018) over 909 tariff exclusion decisions made in the first 30 days of the process (part of the Old Portal). The Warren team discovered that the overwhelming majority (80%) of tariff exclusion approvals went to Japan-(52%) and China-headquartered (27%) companies through their U.S. subsidies. According to the Warren team, Japan and China-headquartered companies got 84% and 94% of these tariff exclusion requests approved, respectively, while in comparison U.S.-headquartered companies had an approval rate of 25% for their tariff exclusion requests in this sample. Similarly, a New York Times report (Tankersley 2018) found that by early August 2018, more than 70 percent of tariff exclusion approvals granted by the Commerce Department—nearly 1,000 out of more than 1,300—had gone to a single company in South Carolina which had been owned by a Chinese company since 2009.

Mr. Trump had lambasted the post-war international trade system and major U.S. trade partners for decades and had made the issue of international trade a central part of his presidential agenda. Correspondingly, President Trump's trade policy including the punitive steel tariff was originally advertised as a necessary correction of the current international trade system no longer advantageous to the United States and effective punishment of foreign trade partners which had fueled their growth by violating international rules at the expense of U.S. interests (e.g. Proclamation 9705). Those claims, if genuine, would presage a restrictive tariff exclusion process that refused to favor any major trade partner's products. The statistical results reflecting this pattern of tariff exclusion would display no significant

variation of approval between petitions of different import origins. For instance, statistical results about the Old Portal do not identify any significant association between the approval likelihood of tariff exclusion petitions and the major import origins of the requested products (Table 4-3).

In contrast, statistical results about the New Portal indicate that the Commerce Department of the Trump Administration was giving Chinese steel imports preferential treatment in the tariff exclusion process since June 2019 when the New Portal was commenced. Doing so not only undercut the signal sent by President Trump himself throughout the Trade War but contravened the "Tough on China" posture of the Trumpian populist movement and President Trump's hard-fought nationalist brand. The combination of incendiary presidential rhetoric and cautious administrative practice presented an interesting antithesis to President Theodore Roosevelt's famous motto of "Speak softly and carry a big stick." The disconnection of the realistic operation of the steel tariff exclusion process from Mr. Trump's expressed hawkish China view could be attributed to several factors that had characterized a historic transitional period of U.S.-China relations.

The first one is that President Trump failed to define the essence of the China challenge throughout his presidency: Was it a security one, or a non-security, economic one? In the international arena, survival is the overarching goal of any sovereign nation, and security concerns always precede other considerations. An economic challenge can be settled by bargain and compromise, while a security challenge probably necessitates a containment or even a rollback strategy. The absence of a precise and clear evaluation of the China challenge by the Trump Administration prevented the creation of a consistent China strategy. President Trump and his close advisors further added to the policy confusion by promulgating dubious

terms such as “economic security” (Navarro 2018a and 2018b).

The second reason is that incumbency compelled President Trump to moderate the position of Candidate Trump. President Trump’s hawkish view about China remained the political marginal when his administration started to impose and exclude punitive steel tariffs. In light of the intrinsic difference between security and non-security competition, for the institutionally slow-moving federal government to take a much more confrontational China approach would require the mainstream of American political participants—elites and electorate alike—to perceive China as a primary security threat. In reality, American public opinion hadn’t shifted to that stage when the President rolled his tariffs in 2018. In that year, only 11% of U.S. adults named China as America’s greatest enemy, while 51% chose North Korea and 18% chose Russia (Younis 2023). The Gallup polls further showed that Americans who viewed China as a critical threat were in the minority at the beginning of the Trade War and only became the majority after President Trump left office (Brenan 2023).[54] At a time when China was gaining salience in American national politics but had not become a dominant security worry, overcommitting to a hawkish China position would not obtain enough political support and produce adequate political dividends. Rather, President Trump as an elective officeholder was held accountable for and had to respond to broader domestic concerns such as employment and inflation, which only became more forcible constraints as

[54] According to the Gallup polls taken around the beginning of the Trade War, 41% of U.S. adults viewed the military power of China as a critical threat (February 2016), and 40% viewed the economic power of China as a critical threat (February 2018). Those numbers first passed the 50% threshold in February 2022 (when 67% said so) and February 2021 (when 63% said so), respectively.
See https://news.gallup.com/poll/471551/record-low-americans-view-china-favorably.aspx

it got closer to the reelection. Therefore, the preferential treatment of imported products from a foreign strategic competitor became politically acceptable for supervisors of the tariff exclusion process if the Administration felt the practice could help with its electoral goal. In this regard, the classic political pattern of extremists moderating themselves once elected to office held for President Trump.

The third reason for the favorable tariff exclusion treatment of Chinese steel imports probably relates to the unfolding of the U.S.-China Trade War. Soon after the commencement of the New Portal on June 13, 2019, the Trump Administration reported progress in its trade negotiation with China in early September (Breuninger 2019a). On October 11, 2019, the administration declared a "tentative deal" with China (Breuninger 2019b), which virtually ended the U.S. trade war with China. In this context, a significantly higher approval possibility of tariff exclusion petitions for Chinese imports served to amplify the positive message from the U.S.-China trade negotiation and to encourage constituencies economically associated with China-dependent domestic businesses to vote for President Trump and his co-partisans in the 2020 election. As an interesting parallel, the signing of two minor trade deals between the U.S. and Japan on October 7, 2019 (Office of the United States Trade Representative) temporally coincided with and potentially accounted for the favorable tariff exclusion treatment of Japanese steel imports in the New Portal (Table 4-2). In comparison, a trade deal with the European Union or Taiwan remained elusive amid the Trump Administration, corresponding to the absence of significantly differentiated treatment of import products from EU, Taiwan, and other countries in both the Old and the New Portal. In addition, the Trump Administration announced a monitoring mechanism with Canada and Mexico in replacement of the steel tariff on products from the two countries on May 17, 2019

(Fefer et al. 2021, 15), making the issue of the tariff exclusion process irrelevant to most American users of Canadian and Mexican steel products. Only a few hundred tariff exclusion petitions were filed to the New Portal (Table 4-1), and petitions of these two product origins displayed no significant difference in approval possibility in both the Old and the New Portal (Table 4-2 and 4-3).

When it came to China, the Trump presidency was probably less successful in propelling an adjustment of U.S. government policy than in assisting a transformation of U.S. public opinion: China's favorability in the U.S. had dropped to a historical low after four years of President Trump with an overwhelming majority of Americans now viewed the country negatively (Brenan 2023; Younis 2023). Combative presidential rhetoric and unconventional deployment of tariffs appeared to have made a difference in terms of political messaging instead of policy delivery. In the political environment of popular democracy, however, enabling such a noticeable shift of public opinion could condition future policymaking and generate far-reaching policy ramifications.

*Findings and Implications from the Congressional District Level Analysis*

A case-level analysis cannot test all possible factors that impacted the Commerce Department's adjudication of tariff exclusion requests amid the Trump Administration. In most of U.S. history, the U.S. Congress has been the principal decision-making body of U.S. trade policy since the U.S. Constitution explicitly assigned it such authority (See Chapter 2). Therefore, in Chapter 5, I adopt congressional district as my unit of analysis to incorporate more independent variables into my regression models. The results of Chapter 5 show that the number of tariff exclusion approvals per congressional district is positively correlated

with 1) the share of President Trump's 2016 votes in the district of the petitioner and 2) the share of manufacturing jobs in the district. The share of college+ educated voters is another significant factor. These findings contribute to the research on American politics. They suggest that when the 2020 election neared, President Trump was trying to replicate his 2016 electoral coalition by curbing the detrimental impact of his punitive tariffs on crucial voting groups such as the Trump-leaning constituencies and domestic steel-using manufacturers. This election-focused delivery of tariff relief measures displayed the pragmatist side of President Trump as a player in domestic politics and contradicted his widely received image of a staunch nationalist.

In the United States, steel users easily dwarf steel producers in terms of employment. For each job in the steelmaking industry, there are eighty jobs in the steel-using industry (Russ and Cox 2018). The imposition of the steel tariff made many domestic manufacturers, especially the intense users of steel (e.g. producers of auto parts and motorcycles), worry about the upcoming rise in material cost. Unable to pass on the tariff-elevated material costs to their downstream clients (DeFilippo et al. 2003, Page 14 of Chapter 2), the steel-using manufacturers often have to slash other forms of costs including labor. This scenario contradicts the policy goal of the Trump tariffs to protect and stimulate employment.

The skepticism of domestic manufacturers to the Trump tariffs transcended the issue of steel. For example, the U.S. automobile industry as a large and influential manufacturing employer expressed strong opposition to punitive tariffs in two of the Trump Administration's Section 232 tariff actions, the first one on steel imports and the second one on automotive imports (e.g., Dawson and Colias 2018; Carey 2019). Electoral pressure of this kind and scale threatened to push certain electorally important industrial states (e.g.

Michigan) away from President Trump and his party in the 2020 election (Holland and Rampton 2019; Lawder 2020; Singh 2020) and compelled the Trump Administration to respond. As a result, the Administration either granted more tariff exclusion approvals to the constituencies heavily involved in manufacturing (in the case of the steel tariff) or paused the whole tariff action (in the case of the automotive tariff).

If the tariff exclusion process was conceived as a policy tool to help President Trump politically, did it achieve that goal? There are signs that the tariff exclusion process has effectively complemented the Trump steel tariff and consolidated President Trump's legacy. Although Donald Trump lost to Joe Biden in the 2020 election, the Biden Administration refrained from scrapping the Trump steel tariff and continued the operation of the tariff exclusion process, leaving an important part of President Trump's legacy intact. The trade policy of two administrations shows consistency in more than one area. For instance, the Biden Administration signed tariff-quota deals on steel imports with the European Union, Japan, and Britain (Proclamation 10328, 10356 and 10406), which paralleled earlier deals reached by the Trump Administration with South Korea, Brazil, Canada, and Mexico (Proclamation 9740, 9759 and 9894). Despite concurrent polarization and gridlock about many other issues in American politics, the policy consistency on trade and manufacturing has been strong and clear between administrations of different parties. Meanwhile, the nationalist-populist movement embodied by President Trump continues to be an influential force in American politics and an important determinant of U.S. policymaking. Therefore, the pattern of Trump-era trade policy transcends the Trump presidency and can impact future U.S. trade policymaking in the years to come.

The strategic deployment of tariff exclusions was not the only means by which the

Trump Administration was responding to the tariff-weary manufacturing electorate. To further advance the electoral goal of winning domestic manufacturers' support for the punitive tariff policy, the Trump Administration utilized another form of trade policy tool: cascading protection. Cascading protection indicates secondary round(s) of tariffs to protect products negatively impacted by the primary round of duties. By augmenting the coverage of punitive tariffs, cascading protection transforms interest groups that would conflict with each other in the scenario of narrower tariff protection into like-minded allies. This expansion of the pro-tariff coalition reinforces and entrenches the primary round of punitive tariffs, making their removal politically much more difficult.

On January 24th, 2020, nine months before the presidential election, President Trump declared a Section 232 tariff on steel and aluminum derivative products. This tariff covered $450 million of US imports based on 2017 import numbers (Bown 2020) or $800 million based on 2018 import numbers (Williams and Hammond 2020, 3). In another form of cascading protection, the Trump Administration presided over a significant rise of U.S. Antidumping and Countervailing Duties (AD/CVD) investigations on foreign finished or derivative metal products containing steel and aluminum since the imposition of primary Section 232 metal tariff (Fefer et al. 2021b, 13). Applicants for these AD/CVDs were mainly American manufacturers of the finished or derivative products which now faced elevated costs of metal inputs in comparison to their foreign competitors. This increase in AD/CVDs added another $5 billion of US imports under punitive tariff protection (based on 2017 import numbers; see Bown 2020). These policies were likely to expand had President Trump won a second term in 2020 and will likely return should he win in 2024.

*Summary*

In my dissertation, I argue that the Trump Administration took contradictory trade actions to achieve multiple goals at the same time: to pressure foreign trade partners and to protect vulnerable domestic industries on one hand and to avoid hurting domestic users of the tariffed products on the other hand. When reviewing the tariff exclusion requests from across the country, the Trump Administration would exercise discretion in favor of constituencies with a higher share of the president's supporters to maximize the utility of each tariff exclusion. The favorable treatment of Chinese steel imports further suggests that domestic electoral concerns are at least as important as foreign policy considerations in the Trump Administration's processing of tariff exclusion requests.

My research contributes to the established literature in several aspects: 1) It illustrates the significant impact of domestic electoral politics on contemporary national leaders and agencies' conduct of U.S. trade policy; 2) It explores the historical pattern of institutional evolution within and between important agencies of the federal government, particularly in terms of congressional-executive relation and presidential-bureaucratic relation. These findings predict a continuous blurring of boundaries between foreign and domestic affairs in the United States and further penetration of the latter into the former in the context of ever-intensifying domestic political polarization and heightened international great-power competition. Therefore, my research adds to the understanding of not only American politics and international relations but other fields such as labor rights and business administration.

The discoveries achieved in my research will enable various interest groups to better identify and evaluate geopolitical, regulatory, and other government-related risks associated with a competitive multiparty political system, and manage those risks through a temporally,

geographically, and financially most efficient utilization of constituency pressure in domestic politics. For instance, my research recommends interest groups focus on mobilizing voters in swing districts of a multiparty democracy within the period close to key election dates to fight against detrimental government policies including haphazard trade protectionist actions. Doing this can significantly improve the chance for labor organizations to preserve employment and income security for workers, and for small and middle businesses to solidify supply-chain resilience and overseas market expansion.

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