Trading Places, Trading Platforms: The Geography of Realignment

Bryan Schonfeld

November 2, 2018
Motivating Puzzle: Partisan Realignment on Trade

Table: Advanced Plurality Countries in the 1980’s

<table>
<thead>
<tr>
<th>Party</th>
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<tr>
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Table: Advanced Plurality Countries Today

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Motivating Puzzle: Voter Realignment by Education

Table: Advanced Plurality Countries in the 1980’s

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<th>Party</th>
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Initial Trade Positioning

High-Density District
Left Platform is Protectionist

Low-Density District
Right Platform is Pro-Trade
Internal Migration: “Trading Places”

High-Density District

Left Incumbent

Low-Density District

Right Incumbent
Partisan Realignment: “Trading Platforms”

High-Density District

Left Platform is Pro-Trade

Low-Density District

Right Platform is Protectionist
Measuring Party Positioning on Trade

- Data: Manifesto Project (Party Platforms)
  - Australia, Canada, France, New Zealand, United Kingdom, United States
  - 1984-2014
- “Support for Tariffs” = Positive Mentions of Protectionism - Negative Mentions of Protectionism
- “Relative Protectionism of the Right” = Right “Support for Tariffs” - Left “Support for Tariffs”
Partisan Realignment on Trade

Relative Protectionism of the Right, 1984-2014

Relative Right Support for Tariffs vs Year

Country
- Australia
- Canada
- France
- New Zealand
- United Kingdom
- United States
Measuring Voting by Education Level

- **Data:** Post-electoral surveys, 1984-2017 in all six countries
- Divide voters into college-educated and above (“skilled”), and voters without college education (“unskilled”)
- **Skill Gap in Voting by Party:** % Skilled Voting for Party - % Unskilled Voting for Party
Voter Realignment by Education

Education and Voting for the Left, 1984-2017

Education and Voting for the Right, 1984-2017

Country
- Australia
- Canada
- France
- New Zealand
- United Kingdom
- United States

Skill Gap in Voting for Left

Skill Gap in Voting for Right

Year

Year
Formal Model: Political System

- High-density district $b$ and low-density district $a$
- Left and Right candidates compete in both districts ($l_a$, $l_b$, $r_a$, $r_b$)
- Political geography: $l_b$ and $r_a$ are incumbents
- $l_b$ sets $\tau_l$ and $r_a$ sets $\tau_r$
Formal Model: The Spatial Economy

- $S$ skilled workers, $U$ unskilled workers
- Location of workers $(S_b, S_a, U_b, U_a)$ determined endogenously
- Each worker gets a skill and location specific wage $W_{\theta d}$ and pays a location specific cost of rent $\rho_d$
- Spatial equilibrium: $W_{Sb} - \rho_b = W_{Sa} - \rho_a$, and $W_{Ub} - \rho_b = W_{Ua} - \rho_a$. 
Because of electoral competition, $\tau_l = \tau_{mb}$ and $\tau_r = \tau_{ma}$

Economic forces cause skilled workers to migrate from low-density to high-density ($S_{b2} > S_{b1}$ and $U_{a2} > U_{a1}$).

In response, the Left incumbent adopts a more pro-trade platform than before ($\tau_{l2} < \tau_{l1}$ and $\tau_{r2} > \tau_{r1}$).

Changes in party positioning drive skilled voters towards the Left ($S_{l2} > S_{l1}$ and $U_{r2} > U_{r1}$).
Observable Implications of Theory for U.S.

- Majority of Democratic Congressional Districts are High-Density
- Educated Move to High-Density Districts
- Increasing Relationship between Population Density and Percent Skilled
- Democratic Districts Become More Skilled Relative to Republican Districts
Political Geography of the United States

Constituencies Controlled by Each Party's Incumbents (U.S.)

% High Density

Year

1990 2000 2010

Democratic
Republican
Skill-Sorting in the U.S.

- Cooperative Congressional Election Study panel, 2010-2012
  - Subset on respondents who moved between Congressional Districts

- “Density Gap” = Mean (Population Density for 2012 District) - (Population Density for 2010 District) for each skill type

- Expect positive Density Gap for Skilled migrants, negative Density Gap for Unskilled migrants
Skill-Sorting in the U.S.

Figure:  *Density Gap in Migration to U.S. Congressional Districts*
Economic Geography of the United States

Figure: U.S. Coefficient Plot for Percent Skilled Regressed on Log Population Density
Skill Level of Democratic and Republican Constituencies

Figure: *Average Percent Skilled of Districts Controlled by Party (U.S.)*
Contributions

- Demonstrates partisan realignment on trade
- Theoretically links political and economic geography
- Introduces internal migration into trade politics

Thank you!
- PR “Placebo Test”  
- Left and Right Tariff Trends  
- Coding of Major Parties  
- Data Sources for Voting Analysis  
- Sequence of Game  
- Model Propositions  
- Ruling Out Partisan Sorting in the U.S.  
- Political Geography of Other Advanced Plurality Countries  
- Theoretical Contribution
**PR Placebo**

**Countries:** Austria, Belgium, Denmark, Finland, Ireland, Israel, the Netherlands, Norway, Sweden and Switzerland

*Table:* Right and Left Support for Tariffs in PR, 1984-2014

<table>
<thead>
<tr>
<th>Dependent variable:</th>
<th>Left Support for Tariffs</th>
<th>Right Support for Tariffs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Year</strong></td>
<td>−0.006*</td>
<td>−0.014**</td>
</tr>
<tr>
<td></td>
<td>(0.003)</td>
<td>(0.006)</td>
</tr>
<tr>
<td><strong>Constant</strong></td>
<td>11.617*</td>
<td>27.565**</td>
</tr>
<tr>
<td></td>
<td>(6.168)</td>
<td>(12.624)</td>
</tr>
<tr>
<td><strong>Observations</strong></td>
<td>352</td>
<td>271</td>
</tr>
<tr>
<td><strong>R²</strong></td>
<td>0.010</td>
<td>0.018</td>
</tr>
<tr>
<td><strong>Adjusted R²</strong></td>
<td>0.007</td>
<td>0.014</td>
</tr>
<tr>
<td><strong>Residual Std. Error</strong></td>
<td>0.503 (df = 350)</td>
<td>0.869 (df = 269)</td>
</tr>
<tr>
<td><strong>F Statistic</strong></td>
<td>3.562* (df = 1; 350)</td>
<td>4.806** (df = 1; 269)</td>
</tr>
</tbody>
</table>

*Note:* *p<0.1; **p<0.05; ***p<0.01*
Liberalizing Left and Restrictionist Right
Major Parties

- **Left parties:** Democratic (U.S.), Labour (U.K.), Liberal (Canada), Labor (Australia), Labour (New Zealand), Socialist (France)
- **Right parties:** Republican (US), Conservative (UK), Progressive Conservative/Conservative party (Canada), Liberal (Australia)
Measuring Voting Behavior

## Percentage of Constituencies That Are High-Density

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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Left</td>
<td>61</td>
<td>67</td>
<td>64</td>
<td>59</td>
<td>66</td>
<td>77</td>
<td>67</td>
<td>58</td>
<td>71</td>
</tr>
<tr>
<td>Right</td>
<td>41</td>
<td>40</td>
<td>39</td>
<td>29</td>
<td>34</td>
<td>35</td>
<td>21</td>
<td>36</td>
<td>34</td>
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Sequence of Game

- At the start of Period 1, incumbents $l_b$ and $r_a$ simultaneously set platform tariff positions $\tau_{l1}$ and $\tau_{r1}$
- Elections are held and politician payoffs are realized
- Nature chooses either $a$ or $b$ as the median district
- Party $p_1$ that controls the median district enacts $\tau_{G1} = \tau_{p1}$
- At the start of Period 2, population movement occurs until spatial equilibrium is achieved
- Period 2 incumbents set platform tariff positions $\tau_{l2}$ and $\tau_{r2}$
- Elections are held and politician payoffs are realized
- Nature chooses either $a$ or $b$ as the median district
- Party $p_2$ that controls the median district enacts $\tau_{G2} = \tau_{p2}$
### Theoretical Contribution

#### Table: Theories of Partisan Re-Positioning on Trade in Advanced Plurality Countries

<table>
<thead>
<tr>
<th>Theory</th>
<th>Source</th>
<th>Explains Liberalizing Left</th>
<th>Explains Protectionist Right</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade-induced Authoritarianism</td>
<td>Ballard-Rosa et. al. (2017), Ballard-Rosa et. al. (2018)</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>Increased Number of University-Educated Citizens</td>
<td>Evans and Tilley (2011), Ford and Goodwin (2014)</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>Sorting of Skilled and Unskilled Workers</td>
<td>Schonfeld (2018)</td>
<td></td>
<td>Y</td>
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#### Table: Theories of Partisan and Voter Realignments by Education

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<th>Explains Partisan Realignment on Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing Salience of Immigration</td>
<td>Piketty (2018)</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Expansion of Higher Education</td>
<td>Piketty (2018)</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Increasing Importance of &quot;Second-Dimension&quot; Politics</td>
<td>Kitschelt and Rehm (2018)</td>
<td>Y</td>
<td></td>
</tr>
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Ruling Out "Partisan Sorting"

![Graph showing density gap by partisanship and skill type. The x-axis represents different types of migrants (skilled, unskilled, skilled, unskilled, skilled, unskilled) and the y-axis shows density gap (people per square mile). The graph includes markers for Democrats, Independents, and Republicans, highlighting the differences in density gap across these categories.](image-url)
Model Propositions

Proposition
\[ \tau_{r2} > \tau_{r1}, \text{ and } \tau_{l2} < \tau_{l1}. \]

Proposition
\[ \tau_{G2} > \tau_{G1} \text{ if the median district is type } a, \text{ and } \tau_{G2} < \tau_{G1} \text{ if the median district is type } b. \]

Proposition
A partisan realignment occurs if \( \frac{S_{a1}}{U_{a1}} > \frac{S_{b1}}{U_{b1}} \) and \( \frac{S_{a2}}{U_{a2}} < \frac{S_{b2}}{U_{b2}} \).

Proposition
Because \( \tau_{r2} > \tau_{r1} \text{ and } \tau_{l2} < \tau_{l1}, \frac{S_{l2}}{U_{l2}} > \frac{S_{l1}}{U_{l1}}, \text{ and } \frac{S_{r2}}{U_{r2}} < \frac{S_{r1}}{U_{r1}} \).

Proposition
If a partisan realignment on trade occurs, then there is a voter realignment by education as well. \( \tau_{l1} > \tau_{r1} \text{ and } \tau_{l2} < \tau_{r2}, \text{ then } \frac{S_{l1}}{U_{l1}} < \frac{S_{r1}}{U_{r1}} \text{ and } \frac{S_{l2}}{U_{l2}} > \frac{S_{r2}}{U_{r2}} \).