

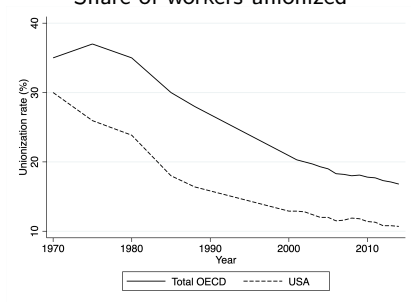
# Unions and protectionist populism: The role of unions in the backlash against globalization

Carlos Felipe Balcázar  
Yale University  
MacMillan Center

April, 2024

# The problem of union decline

Share of workers unionized

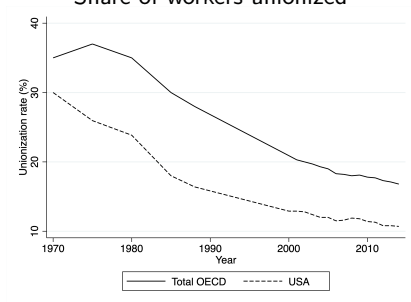


Still 100+ mill. workers

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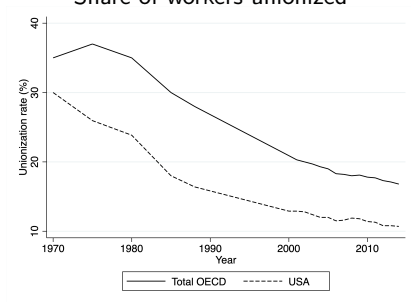


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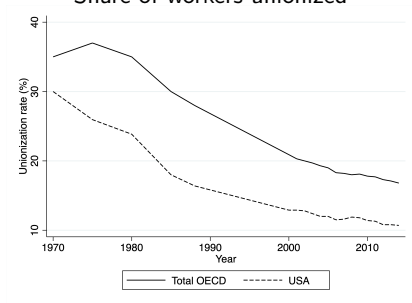


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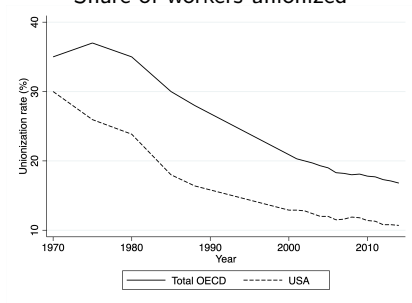
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- ↑ redistributive policies benefitting losers from int' competition.  
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- ↓ bureaucratic hurdles to obtain government assistance.  
(Kim 2020; Balcazar & Lee, *in progress*)

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# Theoretical framework

Populist protectionism (Balcazar, 2022):

- Protect losers from globalization via “extreme” protectionism.
- Excludes “out-group:” elites (+) ethnic minorities.
- Success depends on strength of institutions.
  - ▶ ***Unions***  $\Rightarrow$   $\Downarrow$  **likelihood of extreme protectionism.**
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# Argument

↑ Trade



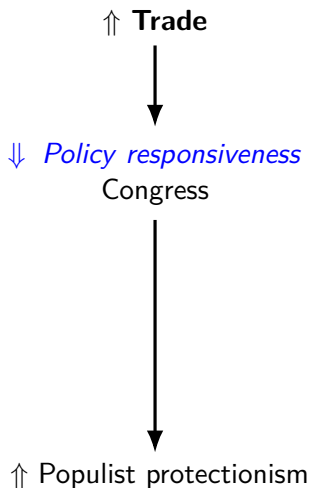
↑ Populist protectionism

An increase in import competition:

- ① Increases support for economic nationalism.



# Argument



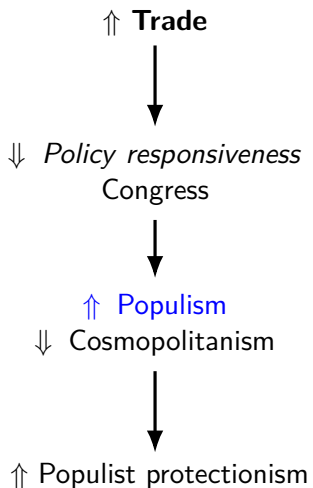
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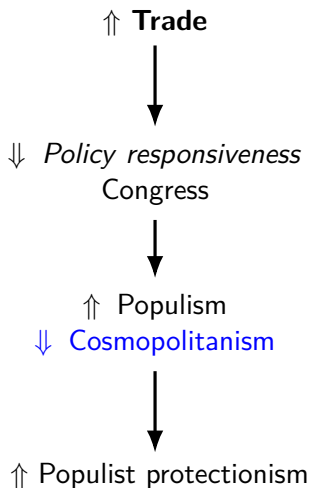
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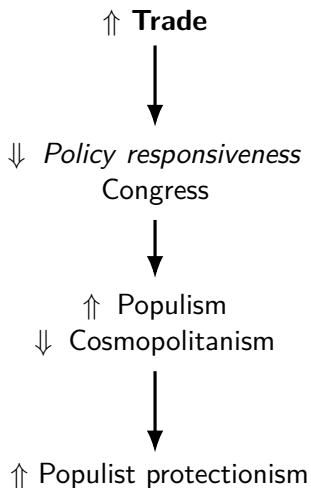
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Contribution: **Stronger effects where unions are weaker.**

# Empirical context: United States

## Information/accountability

**'Stumbling' economy forecast for '86**  
*Signs point to increase in joblessness*

By Gene Zack

Although the economic community is forecasting continued growth and modest gains from next year, "the weight of evidence" actually points to "slower growth and higher unemployment" in 1986, the AFL-CIO asserts.

In a New Year's assessment of the economic outlook, Research Director Paul Oswald cited continued reports, a federal deficit that has not to be checked, more cutbacks in consumer spending and a slowdown in business investment and housing as the major factors contributing to a "stumbling" economy in the next 12 months.

The assessment among economists is for a 3.1 percent increase in the gross national product, a 3.5 percent inflation rate, and another unemployment slack at the 7.1 percent level.

But these same economists were optimistic, in their forecasts for the year just ended, when economic growth fell one-and-a-half of 1 percent below their predictions, Oswald pointed out. And they may be looking at the coming year through the same imperfect rose-colored glasses, he said.

Although economists have pretty much set target last year in their unemployment estimates, the indicator pointed out that the only thing that kept jobholders from taking up the continuing slide from jobs in the production sector to those in the service sector. Compounding the problem was the increase in part-time employment, much of it involuntary.

**Trade action needed**

The transition from higher-paying factory employment to lower-paying service employment is certain to continue, and decisive action is taken to address the foreign trade problems that have the nation's economic recovery.

Reports are likely to remain a drag on the U.S. economy in 1986, Oswald observed, even though the foreign exchange value of the dollar has dropped in the past several months.

A large part of the record-breaking trade deficit resulted from "stealing and other unfair trade practices" engaged in by foreign manufacturers and their governments, the



**AFL-CIO**  
 VOL. 31 NO. 1  
 SATURDAY  
 JANUARY 4, 1986

**news**

## Surge in imports sends trade deficit to new high

**11-month gap of \$132 billion tops all of '84**



**Famine relief**

Shipment of Texas grain and dried milk for famine victims in Africa is loaded in Corpus Christi by Longshoremen who volunteered their time. All the bags carry the Texas AFL-CIO logo. Later, community groups and state officials joined forces to send 10 freighter loads of food from Texas ports to starving Africans. (Story on page 41)

America's job-destroying trade deficit took a big leap in November, sending 1985 into the record books for the most disastrous report since import imbalance in the nation's history.

The \$137 billion trade gap in November was \$2.2 billion higher than the previous month. A modest 1.5-percent gain in U.S. exports to other countries was outweighed by a 5.8 percent surge in imports. The \$137 billion cumulative trade deficit for the five 11 months of 1985 has already exceeded the \$123.3 billion deficit posted for all 12 months of 1984, which still may be the worst on record.

American workers have felt the deficit and, possibly, to the shrinkage of manufacturing jobs. The largest unemployment rate having around 7 percent throughout most of the year has been topped in a year of economic recovery.

An AFL-CIO analysis warned that the continuing hemorrhage in foreign trade, with price changes, will keep the unemployment rate hovering around 7 percent throughout most of the year.

**Montaging the Future**

- Provide information to workers/voters.

# Empirical context: United States

## Information/accountability

**REPORT ON CONGRESS**



1989  
**VOTING**  
RECORD

*Labor's 1989 report card on Congress tabulates the votes on major issues of concern to the AFL-CIO in the first session of the 101st Congress. In the tables on the pages that follow, Senate and House members have been rated R (right) and W (wrong) on the basis of positions they took on these issues:*

**House**

**LABOR VOTES**

**1.** Eastern I — Passage of H.R. 1231, requiring the president to establish an emergency board to investigate and recommend a settlement in the labor dispute at Eastern Air Lines. Passed 252-167 on March 15. A similar bill later was vetoed by the president. AFL-CIO supported the bill.  
Yes — Right    No — Wrong

**2.** Eastern II — Bosco (D-Calif.) amendment to H.R. 3443 to bar a prospective owner of an airline from acquiring another airline if that owner

threshold to \$250,000, and thus exempt 50 percent of all military construction from Davis-Bacon coverage. Adopted 223-201 on July 27. The Steinhilf amendment, as amended, subsequently was adopted. AFL-CIO supported the Murphy amendment.  
Yes — Right    No — Wrong

**7.** Hatch Act Reform — Sikorski (D-Minn.) motion to suspend the rules and pass H.R. 20, legislation to restore to federal civilian employees their right to participate voluntarily, as private citizens, in the political processes of the nation and to protect them from improper political solicitations. Motion agreed to 297-90 on April 17. A two-thirds majority of those present and voting (258 in this case) is required for passage under suspension of the rules. AFL-CIO supported the bill.  
Yes — Right    No — Wrong

**8.** Trade — Bruce (D-Ill.) substitute for S.J. Res. 113, the resolution to bar transfer to Japanese firms of certain

- Provide information to workers/voters.

# Empirical context: United States

## Information/accountability

**ACLU**  
AMERICAN CIVIL LIBERTIES UNION

### VOTER GUIDE

.....  
 Californians have the unique opportunity to vote on statewide initiatives and local measures that would greatly impact our civil liberties.  
 .....  
**VOTE NOVEMBER 8!**

<p>✓ <b>YES on 55</b>            Extends Prop. 30 tax rates on wealthiest Californians for public education</p>	<p>✓ <b>YES on 57</b>            Gives parole consideration to people with nonviolent convictions</p>
<p>✓ <b>YES on 58</b>            Helps students learn English more effectively through multilingual education</p>	<p>✓ <b>YES on 62</b>            Repeals California's outdated, costly, and failed death penalty system</p>
<p>✓ <b>YES on 64</b>            Legalizes marijuana for adults 21+, generates tax revenue, ends unfair sentencing</p>	<p>✗ <b>NO on 66</b>            Increases the risk that California will execute an innocent person</p>

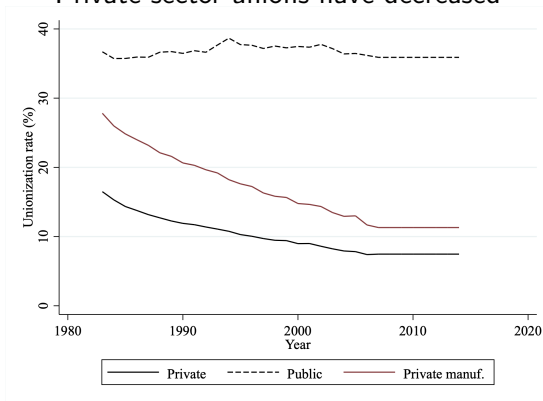
**LOCAL BALLOT MEASURES**

BERKELEY - YES ON MEASURE X1	MOUNTAIN VIEW - YES ON MEASURE Y
BLISS/INGAME - YES ON MEASURE R	SAN MATEO - YES ON MEASURE Q
OAKLAND - YES ON MEASURE LL	STOCKTON - YES ON MEASURE N

- Provide information to workers/voters.

# Empirical context: United States

## Private sector unions have decreased

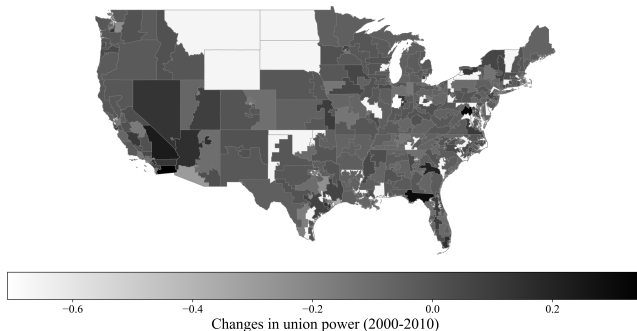


- Provide information to workers/voters.
- Weaker, but still relevant!



# Empirical context: United States

Widespread changes in no. union members



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# Empirical context: United States

## Politicians still pay attention



- Provide information to workers/voters.
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## Empirical strategy

First-differences (2002-14/2004-16) for congressional districts:

$$\Delta \text{outcome}_c = \alpha + \beta_1 \Delta \text{Cshock}_c + \beta_2 \Delta \text{Cshock} \times \Delta \text{Upower}_c + \Delta \text{covariates}_c + \Delta \varepsilon_c$$

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- 5 **Controls:** robot adoption, off-shoring, task routinization, socio-demographic and industry changes, pre-treatment union power, Right-to-Work laws.



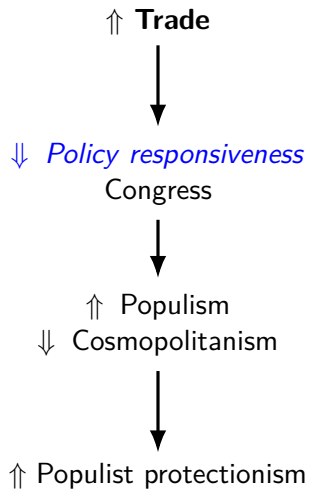
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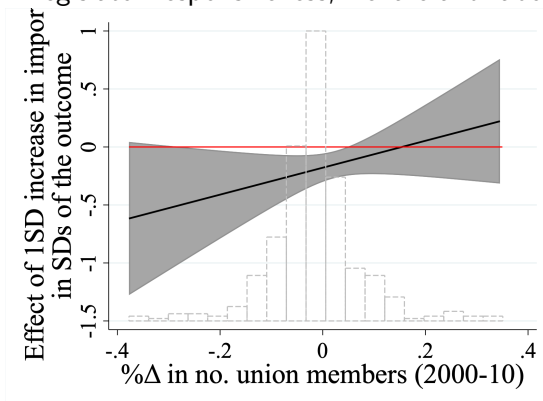
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$\beta_1 + \beta_2 \times \Delta \text{Upower}_c$ : **Effect of import competition**



# Decline in policy responsiveness

$\Delta$  legislator responsiveness, welfare and labor



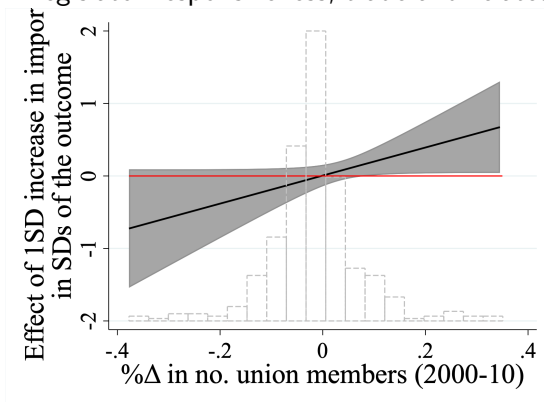
Note: 95% (Conley) confidence intervals.

1SD in outcome: 4 bills; 1SD in import competition: 8PP.

- Weak unions:  $\uparrow$  import competition  $\Rightarrow$   $\downarrow$  policy responsiveness.

# Decline in policy responsiveness

$\Delta$  legislator responsiveness, trade and related

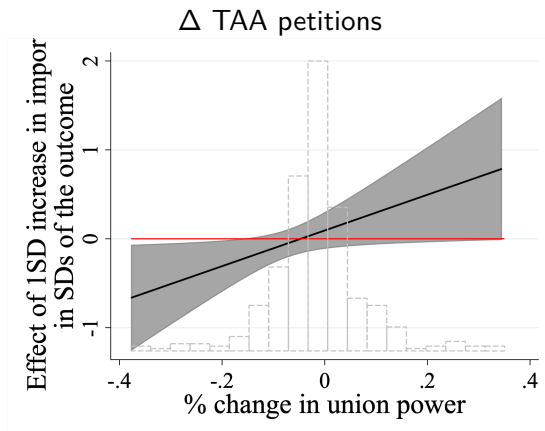


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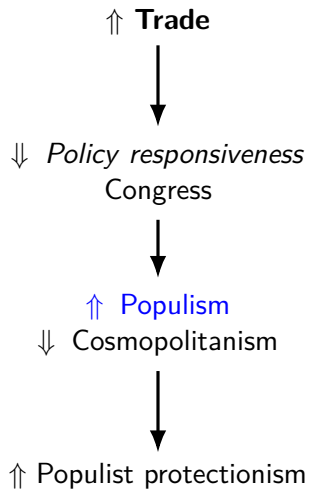
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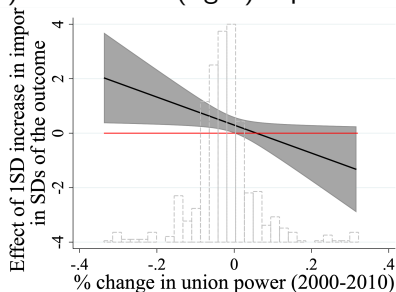
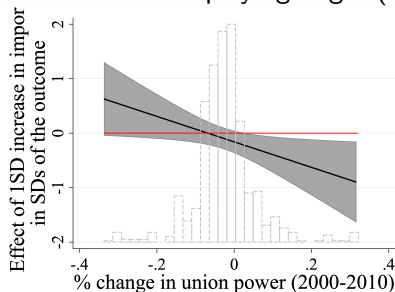
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# “Populist”-style campaign ads

% $\Delta$  ads displaying anger (left) and welfare (right) topics



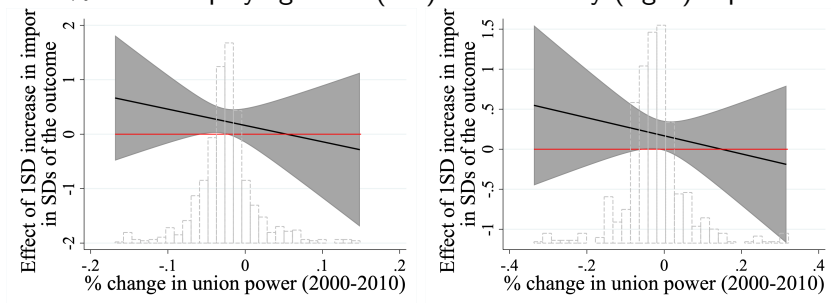
Note: 95% confidence intervals; SE clustered at the State level.

*1SD in import competition: 8PP.*

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## “Populist”-style campaign ads

% $\Delta$  ads displaying trade (left) and ethnicity (right) topics

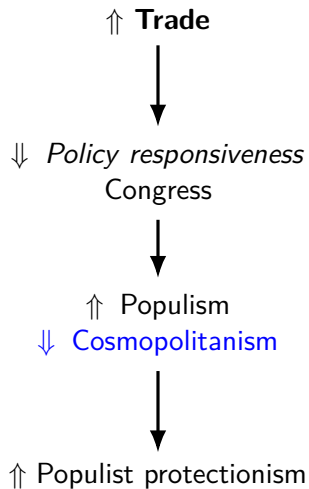


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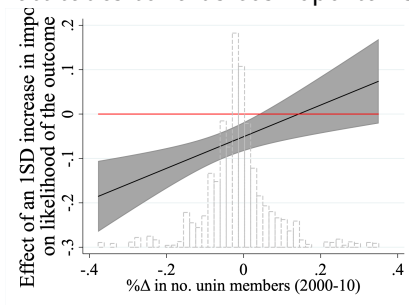
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# Erosion of attitudes toward cosmopolitanism

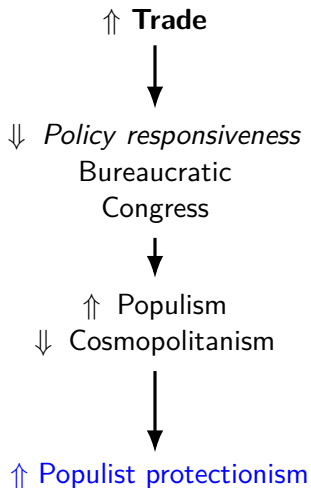
## $\Delta$ attitudes towards cosmopolitanism



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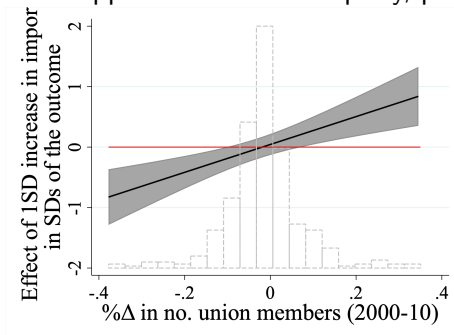
*1SD in import competition: 8PP.*

- Weak unions:  $\uparrow$  import competition  $\Rightarrow$   $\downarrow$  support abortion rights, gay marriage, affirmative action and immigration.



## Stronger support for the republican party

Δ likelihood support for democrats party, presidential



Note: 95% (Conley) confidence intervals.

*1SD in import competition: 8PP.*

- Weak unions: ↑ import competition ⇒ ↓ lower support for democrats.

# Conclusions

Where unions are weak, increased import competition:

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- Lower levels of cosmopolitanism.

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- Lower policy responsiveness.
- Populism as political strategy
- Lower levels of cosmopolitanism.
- **Increased vote-support for economic nationalism.**



# Thank you!

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