Susanne Lohmann and Sharyn O' Halloran, "Divided government and U.S. trade policy: theory and evidence," International Organization 48, 4 (Autumn 1994), 595-632.

L&O explain variations in the degree of protectionism in U.S. trade policies in the postwar era by examining domestic partisan conflict and institutional design (as reflected in executive-legislative relations). Two existing theories of protectionist link the preferences of the President and Congress to political outcomes:

1) Presidential-dominance model. Congress ties its hands by delegating trade policy authority to the President in order to insulate itself from protectionist pressure groups. Each congressperson wants protection for her own district, and the result of log rolling is inefficiently high protection for all districts. However, since the President is responsible to the whole polity, she is less beholden to regional interest groups and is more likely to promote free trade.

2) Congressional-dominance model. Congress may delegate authority to the President, but at the same time constrain her substantially through procedural restraints. In this case, executive decision-making mirrors congressional interests.

L&O note that Congress has control over the institutions that determine how much power it has over trade. If Congress delegates now, it can choose not to later, and vice versa. What determines the institution they choose?

When economic conditions are poor and partisan conflict is high, the President has an incentive to favor protectionist appeals from legislators of her own political party. When the President's party is in minority, legislators may still want to delegate authority to the President to achieve more efficient outcomes, but they also constrain her by making his proposals subject to an up or down vote. This forces the President to accommodate some protectionist demands. Thus she seeks to build a coalition that accommodates members (regardless of party affiliation) who can be "bought off" with the least protection to gather a bipartisan majority. While this coalition tends to include a higher proportion of members from the President's party, she excludes members of her party that come from districts with unfavorable economic conditions, and includes members of the opposing party that come from districts with favorable conditions.

The model suggests the following three games:

1) The Congressional-dominance game. Legislators do not delegate trade authority. This results in inefficiently high levels of tariff protection for all districts.

2) The Presidential-dominance game. Congress delegates authority, and the President implements efficiently low levels of protection (which may be slightly higher in presidential party members' districts).

3) The Delegation and Accommodation game. Congress delegates constrained authority to the President. Any accommodation of legislators depends on the impact of protection on other districts. If the impact is severe, there will be no accommodation; if not, the President may be able to accommodate some legislators. Accommodation depends on legislators' party affiliations and the economic conditions of their districts. The President will accommodate exactly the minimum needed to pass her proposal with a simple majority. Those with very unfavorable conditions will be too expensive to buy off.

Prior to the game stage and before nature chooses district-specific economic shocks, Congress must choose which game to play. At this institutional design stage, the president is likely to remain unconstrained (game 2) under unified government or when there is no partisan conflict. The President is more likely to be constrained (either in whole or in part—game 1 or 3), under divided government, depending on the cross-district effects of protection and degree of partisan conflict.

Trade policy outcomes are thus likely to be more protectionist under divided than under unified government (if cross-district external effects are not too severe, and the President party's majority in Congress is not too large). The model also suggests that voting on institutional arrangements, such as fast-track authority, will exhibit partisan cleavages more than voting on specific trade proposals. This is because prior to the realization of economic shocks the only difference between districts is partisan.

Citing historical evidence from the postwar period, the authors note that institutional constraints placed on the Presidents' trade policy-making authority have been strengthened in times of divided government and loosened under unified government. An econometric analysis shows that U.S. protectionism is unrelated to specific party platforms and more related to the degree of partisan conflict between Congress and the President.