# How Populism Replaced Elitism: The Institutional Logic in the Shift of U.S. Trade Policy Under Trump

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**Abstract.** Since the Ratification of RTAA in 1934, U.S. trade policy has trended toward trade liberalization. However, this trend experienced a significant shift following Donald Trump's election as president in 2016. This paper analyzes the roles of Congress and the President in shaping trade policy, and by introducing Olson's collective action theory, examines the logic behind U.S. trade policy formation before and after Trump's election. The study finds that traditionally, pro-trade groups were able to effectively lobby Congress. In contrast, anti-trade groups struggled to organize effectively due to collective action problem. However, the trade policy formation mechanism underwent a fundamental shift during the Trump administration. By frequently invoking legal provisions such as Section 232, the Trump administration was able to bypass Congress and unilaterally implement protectionist policies, shifting the policymaking authority from Congress to the President, and the primary locus for policy formation from congressional lobbying to presidential elections. In presidential elections, anti-trade groups became highly politically active, forming strong collective action that drove the adoption of protectionist policies. This study provides insights into the institutional logic and political processes behind U.S. trade policy during the Trump era, offering insights into how group political participation influences policymaking.

**Keywords:** U.S. Trade Policies, Collective Action Problem, Donald Trump.

## 1. Introduction

Since the ratification of the Reciprocal Trade Agreements Act (RTAA) in 1934, the United States embarked on a long journey of promoting trade liberalization. Despite a resurgence of protectionism in the 1970s and 1980s, the overall U.S. tariff levels have steadily declined over nearly a century. The U.S. has also been actively engaging in global trade affairs, driving the development of international trade organizations, and negotiating tariffs with other nations. By 2016, the U.S. had one of the lowest overall tariff levels in the world [1].

However, this commitment to free trade came to an abrupt halt with Donald Trump's inauguration as U.S. president in 2017. The four years of Trump witnessed the breakdown of trade agreements and the onset of rampant trade wars. Previous free trade policies were overturned, and protectionism once again became mainstream, with U.S. tariff levels rising to their highest point since the 1970s [1].

This four-year period of de-liberalization raises a significant question: How can we explain the decline of free trade and the resurgence of protectionism during Trump's presidency? What rendered the logic behind previous policies no longer applicable? Addressing these questions is critical for understanding the dynamics of the U.S. political system and provides insights into the institutional logic behind U.S. policymaking.

### 1.1. Literature Review

Most existing research on Trump's trade policy focuses mainly on the reasons and motives behind this series of protectionist measures, but these studies tend to be more explanatory than causal. Holger Janusch and Witold Mucha attribute Trump's policies to his view of trade as a zero-sum game, arguing that trade wars were aimed at preventing the potential impact of trade deficits on the U.S. economy [2]. Marcus Noland sees Trump's policies as strongly mercantilist, seeking to protect domestic industries from international competition and thus to boost domestic production and employment [3]. Jack Rasmus further emphasizes that the rationale for Trump to reduce the trade deficit was mainly to validate the legitimacy and effectiveness of his "economic nationalism" policy, thereby solidifying his voter base [4].

Although these studies somewhat explain the objectives and motivations behind Trump's trade policies, one could easily highlight similar motivations as well for supporting free trade, thus lacking causal clarity. These studies fail to explain why anti-trade policies triumphed over pro-trade ones. Consequently, these theories lack predictive power and cannot be used to analyze the future trajectory of U.S. trade policy.

A causal approach requires an analysis of trade politics, combined with the U.S. political system and its mechanisms, to understand how different groups' goals interact and transform into anti-globalization trade policies. Two major issues arise in the studies focusing on political processes and institutional foundations. First, the research on the political processes behind trade policy fails to integrate theory with empirical evidence. Marcus Noland, for instance, examines in another piece U.S. county-level election data to argue that exposure to trade competition drove voters to support Trump, thereby facilitating the shift in U.S. trade policy [5]. However, this analysis does not connect these data to a theoretical explanation of why such phenomena occurred. Second, current mainstream theories in trade politics often fail to explain Trump's trade policy, which might be a result of their intellectual context, as they were mainly developed in the liberal trade era. For example, Bailey, Goldstein, and Weingast, suggest that presidents typically favor free trade and support trade liberalization. Grossman argues that highly politicized environments lead to an equilibrium in which trade liberalization prevails. These explanations, however, do not align with empirical evidence drawn from Trump's period [6, 7].

In conclusion, it is of significant research value to explain the resurgence of U.S. protectionism during Trump's administration from a trade politics perspective. On one hand, this helps to address the gap in current research on the institutional logic and political dynamics behind U.S. trade policymaking. On the other hand, it helps construe traditional trade politics theories and modify them to be applicable to contemporary U.S. contexts.

### 1.2. Basic Approach and Structure of This Paper

This paper will begin by examining the policymaking authority related to trade policies within the U.S. political system and by drawing on Olson's collective action theory to analyze how collective action problem, particularly how the paradox of group size impacts trade policy. By exploring the internal institutional logic, the paper will analyze why the collective action problem facilitated the dominance of free trade before 2017 but led to the rise of protectionism after Trump's inauguration. This paper argues that the shift from elite-driven to populist trade policies resulted from changes in the "victims" of the collective action problem. Additionally, the paper will explore the institutional foundations behind this shift and the political processes that enabled it.

The paper is structured into three main parts. In the first section, the theoretical background and foundation of the study will be introduced, with a brief analysis of the institutional design behind U.S. trade policy and an introduction to collective action theory. The second section will analyze how the collective action problem led to the prevalence of free trade before 2017, focusing on the impacts of voters, interest groups, and institutions. In the third section, I will analyze how the institutional potential for change became a reality through collective action during the 2017-2020 period, thus shaping a new mainstream trade policy of protectionism.

## 2. Theoretical Background

### 2.1. Institutional Design

#### 2.1.1. Legal Framework for Tariffs and Presidential Authority

According to the U.S. Constitution, the power to establish and levy import tariffs rests with Congress. However, due to practical needs, Congress has delegated part of its legislative power over trade policies to the President, creating a system where both Congress and the President play a role in determining tariff and trade policies. This leads to a system with dual policymakers [8].

Tariffs can be divided into two categories: statutory tariffs and additional tariffs. Statutory tariffs refer to those levied “according to the tariff schedule,” including rates determined by presidential authority, such as negotiated rates, as well as normal tariff rates, most-favored-nation rates, and quota tariffs established by Congress. Additional tariffs, on the other hand, are temporary tariffs imposed in special situations. The authority to levy additional tariffs is granted to the President through subsequent legislation [9].

A key characteristic of this system is the asymmetry in the authority granted to the President to adjust tariffs. U.S. law bestows the President extensive power and administrative tools to lower tariff barriers but significantly limits the tools available for raising tariffs, which requires more complex procedures or necessary prerequisites.

### 2.1.2. Asymmetry in Presidential Powers

The President’s authority to reduce tariffs is largely discretionary, with restrictions only on the scope and scale of adjustment, not on the conditions or contexts under which it can be used. This authority dates to the RTAA of 1934, which empowered the President to negotiate bilateral trade agreements and reduce tariffs by up to 50% without requiring congressional approval [10]. This act empowered the president to act independently to lower tariffs, thus initiating the U.S. trend toward trade liberalization. Although it expired in 1967, its spirit became entrenched in U.S. institutional culture, reflected in later trade acts, such as the 1974 Trade Act, the 1988 Omnibus Trade and Competitiveness Act, the 2002 Trade Act, and the 2015 Trade Promotion Authority Act. All these acts authorized the President to reduce tariffs by a certain percentage (50% or 60%). Meanwhile, only the 1974 Trade Act allowed for an increase of tariffs, but the scope is limited to a maximum of 20% [11].

In contrast, the President’s authority to raise tariffs is conditional, requiring certain prerequisites to be met and typically necessitating preliminary investigations. There are four main mechanisms through which the President can raise tariffs: Section 232, Section 201, the Balance of Payments clause, and Section 301. Section 232 authorizes the President to raise tariffs on goods deemed a threat to national security after an investigation by the Department of Commerce. This clause was frequently invoked during Trump’s administration, and this paper will analyze the role of Section 232 in policy shifts in U.S. trade policy. In addition, Section 201 allows the President to adjust tariffs on goods that threaten U.S. industries after a U.S. International Trade Commission investigation, Section 301 permits retaliatory tariffs in response to other countries’ unfair trade practices, and the Balance of Payments clause authorizes the President to impose temporary tariffs in response to major international balance of payments issues [12].

Thus, Congress is endowed with control over trade policy in the U.S. political system, while the President has been granted limited but significant authority to adjust tariffs. The President has more tools and methods to reduce tariffs on other countries, but faces substantial restrictions when raising tariffs, either due to required investigations or the temporary nature of the measures. This institutional design has shaped the U.S.’s push for trade liberalization since 1934 and contributed to the significant shift in U.S. trade policy around 2017.

## 2.2. Collective Action Problem

The concept of the collective action problem originates from Olson’s masterpiece The Logic of Collective Action. Olson posits that individuals are primarily self-interested and, when engaging in collective action to obtain public goods, are mainly concerned with their personal costs and benefits. Furthermore, such costs and benefits are influenced by group size and group characteristics [13].

### 2.2.1. Overview of Olson’s Collective Action Theory

Olson classifies groups into three types based on size: small groups (privileged groups), intermediate groups, and large groups (latent groups). In small groups, members’ individual benefits greatly outweigh the costs of collective action, so they are more likely to pursue these benefits, even without formal organization. Intermediate groups consist of members whose private benefits are not sufficient for them to independently pursue collective goods, but the group is small enough that individual contributions can be recognized. These groups require an organization to advance common interests, but enforcement and oversight are relatively manageable. Large groups, however, tend to remain unorganized because they require more complex organization to achieve collective goods. This is because the impact of individual contributions is hardly recognizable, and the non-commitment of individuals would not impact the outcome, creating an incentive for members to "free ride". Even if the total net benefits of collective action far exceed the total costs, it is difficult to organize large groups. For intermediate and large groups, Olson argues that only by providing sufficient "selective incentives" can they be effectively organized [14].

Olson's theory yields three main conclusions. First is the paradox of group size, which states that the provision of public goods decreases as group size increases, making it less likely for large groups to provide any public goods for themselves [15]. Second is the asymmetry within group members, where those with the highest demand for public goods bear a disproportionate share of the costs, leading to "exploitation of the many by the few." Finally, selective incentives are considered helpful for large groups to overcome the free-rider problem to some extent [16].

The most relevant insight of Olson in this paper is the paradox of group size: as a group grows larger in size, the average benefit becomes smaller for its members, and it is increasingly challenging to identify individual contributions. Therefore, the gap between benefits and costs has been widened, increasing the incentive to free ride. As a result, large groups are less likely to organize or effectively advocate their collective interests, whereas smaller groups are more likely to do so.

In Olson's later work, The Rise and Decline of Nations, he extends this theory by arguing that small groups, due to their narrow and concentrated interests, are more effective in lobbying the government for favorable policies. Small groups expect to capture most of the benefits of such policies—extra profits, higher wages, or economic globalization from tariff reductions—while bearing only a small fraction of the associated costs. Large groups, on the other hand, bear most of the costs, such as higher prices, increased transaction costs, and import shocks. This logic helps explain the dominance of elite groups in shaping U.S. trade policy before 2017: elite pro-trade groups effectively organized to promote their agenda, while the costs of open trade were borne by the silent majority, who failed to form an effective coalition [17].

### 2.2.2. Collective Action in Trade

The application of collective action theory to the analysis of trade policy is not uncommon, but there are two major trends. First, most researchers focus on applying collective action issues to the international level, with fewer discussions on domestic applications. Hidetaka Yoshimatsu emphasized the collective action problem in international cooperation and analyzed how ASEAN nations overcome these challenges [18]. Philip Cerny extended the discussion to include a broader range of actors, arguing that the participation of international, local, and intermediary actors challenges the role of states in forging international cooperation [19]. Second, studies on how collective action issues affect domestic trade policy formation often struggle to explain U.S. trade policy under the Trump administration. Osgood combines empirical evidence with theoretical insights to argue that large multinational corporations are more capable of overcoming collective action problem, and advancing free trade through temporary or long-term coalitions, which results in a persistent trend toward trade liberalization [20]. While this explains effectively the liberal trade policies before 2017, it could not evade the fate of losing applicability when it comes to trade policies under Trump.

In the following two sections, I will first draw upon Osgood's study to analyze how the free trade trend was formed before 2017. Afterward, I will apply the framework of collective action to explore the resurgence of protectionism during the Trump administration.

## 3. Before 2017

To understand U.S. trade policy during this period, it is necessary to examine the policymaking processes. As discussed in the first section, U.S. trade policy is shaped by two actors: Congress and the President. Therefore, this essay will investigate how the two actors are influenced by three major factors: voters, interest groups, and institutional design. In this section, the three factors will be reviewed respectively as per how they shaped trade policy. Taking all factors into account, the political logic that gave rise to free trade dominance before 2017 could be analyzed.

### 3.1. Voter Influence on Trade Policy

#### 3.1.1. Voter Influence on Presidential Decision-making

As for the impact of voters, the conventional idea holds that the President tends to favor free trade policies, because unlike Congress, the President faces a nationwide constituency, making him attach more importance to national interests rather than the concerns of specific regions or groups. The benefits of free trade are widespread, while protectionism serves narrower regional or industrial interests, leading to the President focusing on the former [21].

Furthermore, as an international figure, the President has various policy objectives beyond trade. Thus, trade liberalization is often leveraged as a bargaining chip in international negotiation to achieve non-economic goals that may serve greater importance to voters. For instance, the President might use trade liberalization and economic aid to foster relations with allies, thus achieving geopolitical objectives.

#### 3.1.2. Voter Influence on Congressional Decision-making

Congress, however, has a very different constituency from the President, as legislators are accountable to specific regional constituencies rather than a broader national electorate. This leads to significant divergence in terms of trade preferences among Congress members. Representatives from districts more dependent on globalization tend to support lowering trade barriers, while those from regions with more traditional industries or those facing heavy import competition are more inclined toward protectionism. The political structure of Congress, where representatives are accountable to regional constituencies, is the institutional root for the support of protectionism by certain actors within Congress [22].

But why have protectionist forces in Congress been unable to translate their presence into protectionist trade policy. This can be attributed to two primary reasons.

First, the positions on trade of different congressional representatives vary widely, and even among those who support protectionism, consensus on specific tariffs and trade issues is difficult to achieve. This is because the interests of a given district are often concentrated, with certain targeted countries or specific commodities, and its representative is motivated to advance protectionist agendas only when dealing with these issues. This lack of motivation on other trade issues results in divisions within the protectionist camp. This signifies the collective action problem in coordination: even though many representatives support tariffs on certain goods or industries, their specific policy target differs, leading to disagreements on which legislative efforts to prioritize [23]. The party line exacerbates this situation, as representatives tend to align with party stances when the issue is not directly related to their constituencies, avoiding the costs of deviation from party positions.

Second, congressional representatives are influenced heavily by interest groups, and the lobbying activities of these groups are predominantly led by large corporations that favor free trade. This will be elaborated on in the following section.

### 3.2. Interest Groups' Influence on Trade Policy

Both the President and Congress are directly influenced by interest group lobbying, which often takes the form of ad hoc or long-term coalitions of firms. Therefore, the collective action problem plays a particularly crucial role in this process. In fact, it is the logic of collective action that enables pro-trade firms to organize more effectively, form alliances, and advance trade liberalization.

Osgood's analysis of major trade issues from 1998 to 2016, based on data from firms and coalitions involved in lobbying, indicates that in each significant trade issue during this period, pro-trade firms and organizations successfully formed alliances to promote trade liberalization. Additionally, 88% of all lobbying efforts during this time were conducted by pro-trade firms. Furthermore, among corporate donors to PACs, 56% were pro-trade groups, compared to less than 1% opposing trade [24]. An empirical study by Baldwin et al. shows that campaign contributions significantly influence congressional voting on trade issues [25]. This evidence suggests that pro-trade groups have been more effective in organizing and lobbying both Congress and the President, shaping U.S. trade liberalization policies.

These phenomena can be explained by the collective action problem in the context of firm heterogeneity. In terms of trade, large multinational corporations and exporting firms, which have significant overseas interests, are the primary supporters of free trade, while import-competing firms tend to favor protectionism. Multinational and export firms are large, financially robust, and few, falling into the category of small to intermediate-sized groups as described by Olson's theory [26]. The largest firms, benefiting greatly from supporting trade, participate independently or take the lead in organizing other smaller firms into coalitions. Smaller firms, while not benefiting as much, still participate actively in alliances due to their smaller group size, which reduces the chances of free-riding behavior.

Conversely, import-competing firms are larger in number, smaller in scale, and dispersed in terms of interests, making them a large group. The contributions of individual firms are harder to identify, which incentivizes free-riding behavior. Thus, the "group size paradox" explains why the smaller number of more powerful pro-trade firms can effectively form coalitions to provide the public good of trade liberalization, while weaker protectionist firms, though larger in number struggle to organize and provide the public good of trade barriers. The collective action problem prevents anti-trade groups from translating their positions into U.S. policy actions.

### 3.3. Institutional Influence on Trade Policy

#### 3.3.1. Presidential Authority in Trade Policy

As discussed in the previous section, there exists a significant asymmetry in the U.S. institutional design concerning the President's ability to adjust tariffs. On one hand, the President could effectively push for reciprocal tariff reductions through international cooperation, without the permission of Congress. On the other hand, however, the President is faced with numerous restrictions when attempting to impose further tariffs. This asymmetry in presidential power renders the President naturally inclined toward free trade. Given the lower costs and fewer restrictions in pursuit of free trade policies, they become more accessible policy tools in the President's "toolbox," forming policy path dependency.

This tendency toward trade liberalization is self-reinforcing. One reason is that the benefits of free trade policies are disproportionately distributed. Large multinational corporations gain the greater of the profits, while smaller domestic producers might be disadvantaged. In turn, this widens the gap in different groups' capability to advocate policy. Moreover, trade liberalization strengthens ties between the President and pro-trade interest groups, which may include increasing political donations and other forms of support, thus reinforcing the President's tendency to pursue free trade policies.

#### 3.3.2. Congressional Institutional Influence

As previously mentioned, the collective action problem in the U.S. Congress makes it difficult for representatives from different districts to form a consensus that translates into legislative outcomes. This difficulty is rooted in the political structure of Congress: legislators face a multitude of issues, which results in massive opportunity costs for them to advocate trade policies that might not be as desirable for other representatives. As a result, many Congress members resort to symbolic voting and rhetoric, using these postures as political tools to appeal to voters rather than making actual commitments to advocate for policies that benefit their constituents.

Empirical research by Feigenbaum and colleagues illustrates similar patterns. Their study demonstrates that while representatives may opportunistically shift their voting behavior on certain bills to secure electoral support, they are less likely to take substantive actions on other fronts [27]. Through these symbolic, opportunistic votes, their electoral success remains largely unaffected by trade issues, indicating that voters recognize the complex political dynamics within Congress and do not expect legislators to bring about significant policy changes. Consequently, legislators can secure their voter base through simply dissenting votes, leaving there hardly any incentive to engage in further action that might lead to actual policy change toward protectionism.

### 3.4. Trade Liberalization

In conclusion, before 2017, three key factors (voters, interest groups, and institutional design) influenced the two main trade policy actors (the President and Congress) as shown in Table 1.

**Table 1.** Impacts of Different Factors on Policy Actors

| | PRESIDENT | CONGRESS |
|---|---|---|
| VOTERS | The nation-wide electorate inclines the President toward pro-trade policies. | Anti-trade public opinion, hindered by collective action problem, cannot be translated into anti-trade policies. |
| INTEREST GROUPS | Collective action logic drives the advocation of pro-trade policies. | |
| INSTITUTIONAL DESIGN | The asymmetry of power inclines the President toward pro-trade policies. | Collective action problem leads Congress members to symbolically adopt anti-trade postures without making substantive efforts. |

Thus, the President's nationwide constituency and the asymmetry of powers in the political system have molded the President's normal inclination toward free trade policies (a trend that would change, as discussed in the next section). As for Congress, while some congressional constituencies may support protectionism, Congress members struggle to translate these positions into broader congressional action due to the collective action problem.

Regarding interest groups, pro-trade groups are smaller and individually stronger, while protectionist groups are larger but separately weaker. The paradox of group size in collective action theory allows the former to effectively overcome collective action problem, organizing themselves to advance trade liberalization. Consequently, the combination of voter base, interest groups, and institutional design leads to pro-trade policies supported by both Congress and the President.

There are three key takeaways from this period in U.S. trade policy. Firstly, the "default tendency" embedded in the U.S. institutional structure is not neutral between trade liberalization and protectionism: it is inherently lopsided and leans toward free trade. Secondly, the collective action problem limits the translation of public opinions on trade into policymaking, allowing the voices of a small elite to dominate, while the larger group bears the costs, signaling the elitist characteristic in trade policymaking. Lastly, during this period, congressional legislation and interest group lobbying became the core mechanisms shaping trade policy, with collective action issues disadvantaging protectionist groups, such as workers, agricultural sectors, and small businesses.

## 4. After MAGA

A key characteristic of U.S. trade policy during Trump's administration was the limited Congressional involvement in policymaking, while the President frequently used the conditional powers granted under various acts to raise tariffs, reflecting a strong protectionist approach. Among the legal provisions invoked by the President, the most significant and commonly used was Section 232. This section will analyze the logic behind the formation of U.S. trade policy by focusing on the use of Section 232.

### 4.1. Coming Out of the Woodwork

Section 232 refers to the authority granted to the U.S. President under the Trade Expansion Act of 1962. According to its provisions, associations, businesses, the President, and other stakeholders can submit applications for the Department of Commerce to investigate whether the importing of certain goods poses a threat to national security. Upon review, the Department of Commerce may initiate an investigation and submit a report with recommendations. The President can then decide whether to act accordingly [28]. Although Section 232 had been in place for a long time, its invocation and the launch of Section 232 investigations during Trump's period revealed three notable differences compared to previous administrations.

First, under Trump, the frequency of Section 232 investigations increased significantly. By 2020, the U.S. Department of Commerce had initiated a total of 34 Section 232 investigations. Of these, 24 occurred before the establishment of the World Trade Organization; between 1995 and 2016, only two investigations, in 1999 and 2001 concerning crude oil and metals, took place, neither of which resulted in policy changes. However, during Trump's four-year term, eight Section 232 investigations were conducted by the Department of Commerce, the highest under any presidency [29].

Second, during Trump's term, a significant portion of Section 232 investigations were initiated proactively by the Department of Commerce, whose secretary is nominated by the President and often reflects the President's views. Of the eight investigations conducted during Trump's presidency, four were initiated by the Department of Commerce. In contrast, among the previous 26 investigations, only three were requested by the President, one by the Secretary of Commerce, and three by the Secretary of the Treasury, while most others were initiated by industry associations or businesses [30]. This reflects the widespread use of executive authority on trade issues over legislative power during this period.

Finally, under Trump, the findings of Section 232 investigations frequently concluded that imports posed a threat to national security, recommending corresponding actions by the President. Of the eight investigations conducted, five concluded that imports were harmful to national security, and in each case, the President implemented measures to raise trade barriers. Of the four investigations initiated by the Department of Commerce, three resulted in protectionist policies. In contrast, of the previous 26 investigations, only nine resulted in positive determinations, and the President acted on a mere six of them [31].

These three features indicate that Trump promoted an unprecedented executive legislative agenda during his term. By proactively initiating Section 232 investigations, delivering affirmative judgments, and enacting corresponding policies, Trump effectively bypassed Congressional constraints and expanded the conditional powers into a powerful tool for implementing his protectionist agenda.

### 4.2. Behind the Phenomenon

After discussing how trade policies were formulated during the Trump era, the next question is: What political background led Trump to push for this shift?

The extensive use of executive legislation reveals a key difference during Trump's administration: trade policy was no longer jointly decided by Congress and the President but unilaterally by the President. This marks a transfer of actual trade policymaking power from Congress to the President, meaning that the locus of trade decision-making shifted from Congress to presidential elections. The decision-making mechanism moved from interest group lobbying in Congress to voters' behavior in presidential elections.

The root of Trump's trade policy shift lies in this change in the decision-making locus. As analyzed earlier, the collective action problem enables small, concentrated interest groups—such as large multinational corporations—to effectively promote free trade, while large, dispersed groups, such as import-competing firms, struggle to push for protectionism [32]. However, this logic was based on lobbying Congress, which had primary control over trade policy before Trump. During Trump's term, however, since trade policy was largely decided by the President, the former logic was no longer applicable. The shift in the decision-making process rendered the previous collective action logic insufficient to explain voters' behavior in presidential elections.

### 4.3. Turning the Tides

Although the decision-making locus and mechanism have changed, collective action logic remains relevant to the process of trade policy formation, only in a reversed manner: the victim of the collective action problem has changed.

#### 4.3.1. Group Composition

The forces supporting free trade in the U.S. consist of two main groups: large multinational corporations and consumers. The former benefits from global operations and free trade policies. The latter comprises workers outside of import-competing industries and those who identify themselves more as consumers than workers. They enjoy the lower prices and variety brought by imports and are less affected by the income and employment shocks of trade.

On the other hand, the forces supporting protectionism also consist of two parts: import-competing companies and blue-collar workers along with the agricultural population. Import-competing companies operate domestically and are constrained by higher labor and land costs, suffering from globalization's impact on profits. Blue-collar workers and agricultural laborers, employed in manufacturing and other sectors heavily affected by international competition, are more likely to see themselves as workers rather than consumers, believing that international trade leads to domestic job losses and wage reductions.

#### 4.3.2. Different Settings

In Congressional lobbying, large multinational corporations and import-competing firms are the primary actors, since individuals lack the influence to directly engage in lobbying. In this case, the collective action problem prevents import-competing firms from successfully influencing policy due to their more dispersed interests.

However, in presidential elections, corporations and interest group lobbying have a relatively limited effect, and the key actors are voters—both consumer groups and blue-collar and agricultural workers. For these two settings, the collective action problem works in opposite directions.

#### 4.3.3. Revisiting the Paradox of Group Size

This reversal occurs due to the paradox of group size in collective action theory. The consumer group is large and represents the mainstream of society, but its interests are less concentrated than those of blue-collar workers and the agricultural population. The price reductions from free trade are not as acutely felt, especially after years of trade liberalization in the U.S., which has led to a price level that consumers have become accustomed to.

Additionally, consumer groups lack effective organizational structures, making it difficult to recognize individual contributions. As a result, voters in this group often prioritize other factors over trade when voting, and are not guaranteed to support pro-trade candidates. Thus, despite having common interests, consumer groups struggle to form effective political action due to the lack of concentrated and clear motivation.

Conversely, blue-collar and agricultural groups, while still large, are smaller than consumer groups but have more concentrated interests. The impacts of free trade are directly felt through lower wages, reduced welfare, and higher unemployment, making the benefits of protectionism immediately evident.

Additionally, blue-collar and agricultural workers have strong organizational structures, such as agricultural associations, trade unions, and industry groups, which provide "selective incentives", reducing free-rider tendencies and encouraging more active participation in collective action to promote protectionist trade policies.

### 4.3.4. Varying Costs of Participation

Beyond group size, another significant difference between presidential elections and Congressional lobbying is the cost of participating in collective action. In Congressional lobbying, participation is costly, requiring coalitions, provision of information, and political donations, making it feasible only for large multinational corporations with concentrated interests.

In contrast, participation in presidential elections involves only low-cost activities like attending political rallies or voting, and for groups affected by globalization, these costs are negligible. Therefore, they have greater motivation to engage actively in collective action to advance protectionism.

Therefore, from a theoretical perspective, consumers face a collective action problem, while blue-collar workers and agricultural laborers are more motivated to push their agenda.

## 4.4. Empirical Examination

Having laid the theoretical groundwork, was this the reality? From the empirical level, did collective action among blue-collar and agricultural workers lead to Trump's election, thereby enabling him to wield presidential power to implement protectionist trade policies? This section analyzes the results of the 2016 presidential election and how Trump's rise to power is accredited to this collective action.

### 4.4.1. Voter Turnout Rates

From the perspective of voter turnout changes among specific groups, Stephen L. Morgan and Jiwon Lee's analysis divides voters into four groups: the white-collar group, the working-class group, the intermediate group, and the farmers/agricultural workers group [33]. They tracked voting data across 18 highly competitive states in four presidential elections from 2004 to 2016, analyzing changes in voter turnout across these four groups.

Their research found that one of the most significant demographic changes in the 2016 election was the sharp increase in the voting rates of non-Hispanic white working-class individuals and the farming/agricultural worker population. The former group's participation increased by approximately 5%, while the latter group's participation surged by nearly 10%. These groups are among those most affected by U.S. trade liberalization, having suffered greatly from import competition, while the U.S. lacked corresponding measures to protect their interests [34]. The sharp rise in turnout reflects the heightened political engagement of these groups most impacted by free trade, showing their active participation in collective action to push for protectionism as a public good.

### 4.4.2. Voting Behavior

In addition to analyzing voter turnout among specific groups, it is also necessary to examine their voting behavior. An NPR analysis of Pew Research Center's exit poll data from the 2016 election focused on the voting behavior of white voters, dividing them into those with and without college degrees and tracking their voting patterns from the 1992 to 2016 elections [35].

The study showed that while white voters have long tended toward the Republican Party, and less-educated whites have historically been more likely to vote Republican, in 2016, however, support for Trump among non-college whites reached an all-time high, creating the largest gap between less-educated and more-educated whites.

Combining voter turnout and voting behavior data, we can better understand the political behavior of low-wage workers in presidential elections and the effectiveness of their collective action. This voter base provided the foundation for Trump's subsequent four years of anti-globalization policies.

## 4.5. The Replacement of Elitism by Trade Populism

In summary, one of the key differences in trade policy during Trump's administration was the extensive use of executive legislation. Trump used powers granted under legal provisions such as Section 232 to unilaterally enact tariffs and shape trade policy without going through Congress. As a result, the locus of trade policy formation shifted from Congressional lobbying to presidential elections. While collective action problem allows pro-trade groups to more effectively influence policy through lobbying due to high-cost political contributions—given that large multinational corporations have more concentrated interests—collective action problem enable anti-trade groups to form stronger political forces in the presidential election setting. This is because influencing decisions through low-cost political participation, such as voting, favors labor groups whose interests are more concentrated than those of consumers.

Thus, by exploiting latent powers within the system, namely, the formerly unused Section 232 rights, Trump and anti-trade groups achieved a shift in the trade policy decision-making mechanism, reversing the effects of the collective action problem and facilitating the transition from elitism, where large corporations dominate policy influence, to populism, where the masses determine trade policy.

Despite the long-standing debate between liberalism and protectionism in U.S. trade policy, trade liberalization dominated for much of the past. This dominance can be attributed to the asymmetry of power granted to the president by the U.S. trade policy legal framework. More importantly, it was due to the collective action problem that rendered anti-trade groups ineffective in influencing policy. Large corporations that supported free trade were few but individually powerful, giving them stronger incentives to influence policy through collective action. In contrast, small businesses advocating for protectionism were too numerous and individually weak, making effective organization difficult due to the “free rider” problem. This era’s trade policy formation displayed a distinct elitist character, with wealthier export businesses dominating trade policy through strong congressional lobbying efforts. The shift in trade policy during the Trump era can be understood in three stages. First, the U.S. political system grants the president latent authority to unilateral influence trade policy and impose tariffs, positioning the president as a potential trade policy maker. Second, dissatisfaction among certain groups led them to take more active political action in elections, resulting in higher voter turnout and increased support for the Republican Party. Through collective action, these groups realized the potential for the president to decide trade policy, shifting policymaking from Congress to elections. Finally, voter preferences drove Trump to exercise his powers as a trade policymaker, leading to the imposition of various tariffs and the outbreak of trade wars. During this process, the role of the collective action problem reversed.

## 5. Conclusion

As policy formation shifted from congressional lobbying to presidential elections, anti-trade labor groups, being smaller and more organized, became more effective, while pro-trade consumer groups, due to their large size and dispersed interests, struggled to mobilize. Trump’s trade policies were marked by strong populism, and the 2016 presidential election marked a shift in trade policy from elitism to populism. This transformation was achieved through the realization of latent powers within the U.S. political system. This also highlights the importance of distinguishing between the potentiality and actuality of a political system. This research fills a gap in studies on the institutional logic and political processes behind U.S. trade policy during the Trump period. It provides a new perspective on analyzing the formation of anti-globalization policies in the U.S. and extends traditional trade politics theories to better explain the social environment of the contemporary era. This research offers a causal explanation of how free trade policies became mainstream before 2017, and why protectionism gained prominence after 2017. Thus, this study aids policymakers and scholars in better understanding the complex logic behind the formation of U.S. trade policy, helping them more accurately predict and analyze future policies. Furthermore, it provides insights into how group political participation, including lobbying by interest groups and voter behavior, influences decision-making, offering political actors better strategies for mobilizing to affect policy. Looking ahead to the future, as Trump is expected to make another run for the presidency in 2024, trade policy remains a key theme in his campaign. Understanding the political processes of the 2016 election can also help us prepare for the upcoming election.

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