

**CONGRESSIONAL VOTING ON DR-CAFTA:  
A Focus on Environmental Lobbying**

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## **A Focus on Environmental Lobbying**

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**JEL Codes.** F13, F18

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**Key Words:** International Trade, Trade Agreements, Trade and the Environment

“[We’re going to] twist some Republican arms until they break in a thousand pieces.”

-- Rep. Jim Kolbe (R-Ariz.), on the CAFTA vote

## **I. Introduction**

The recent passage of the Dominican Republic and Central American Free Trade Agreement (DR-CAFTA) highlighted especially well a political process that seems to have become the norm when passing legislation: vote-buying, pork-barreling, and general political prostitution. The agreement’s critical moment occurred late in the night July 28, 2005, in the House of Representatives, where House leadership broke the rules and extended the voting period to keep making backroom deals. Most of these secret pacts ended up as amendments to the large energy and transportation bills passed around the same time. The close vote on CAFTA and the intense lobbying on both sides demonstrate how controversial trade agreements have become.

The DR-CAFTA (abbreviated as CAFTA) is an extension of the free trade agreement signed under President Clinton, the North American Free Trade Agreement (NAFTA)<sup>1</sup> between the U.S., Canada, and Mexico, and is generally regarded as a stepping stone to the larger Free Trade Area of the Americas, a comprehensive free trade agreement to encompass 34 economies in North and South America. CAFTA was hotly contested by labor, environmental, and human rights groups, as well as by members of trade sensitive sectors such as the agricultural, textile, and sugar industries. The business sector, however, stands to gain immensely by the agreement with the opening of a trade market in Central America, and from the opportunity to relocate factories to take advantage of cheaper labor costs. Each of these

sectors, whether they are the “losers” or “winners” of CAFTA, spent much time and energy lobbying Congress to vote accordingly.

Since CAFTA is such a new trade agreement (passed only in the summer of 2005), no empirical analysis has yet been done on the bill. Furthermore, the literature has largely ignored the influence of traditionally “Leftist” groups such as environmental organizations, human rights groups, and other non-profit organizations on voting patterns. The primary interest of this paper is to effectively quantify the influence of environmental group lobbying on the CAFTA vote in the House of Representatives. Instead of quantifying the effect of this interest group monetarily, this paper will look at the qualitative efforts of environmental lobbying and attempt to quantify them; these efforts are defined by whether or not a candidate was “targeted” for lobbying, in a dummy variable equal to 1 if targeting occurred. Although the environmental variable possesses certain limitations, this is the first such in-depth examination of the influence of environmental interests on a trade bill (and the first analysis of CAFTA in general).

Findings determine that the environmental issue, both in the environmental variable described above and in an environmental rating of Representatives, was statistically insignificant in the CAFTA debate. The “targeting” of Representatives by environmental groups did not make a significant difference in voting results. Results corroborate the general attitude toward environmental groups: that their efforts are not yet on par with the “big boys” of lobbying. The two major lobbyists, labor and business PACs, donated significant amounts of money to Representatives’ campaigns. In a second empirical test, it was determined that without these contributions from either group, CAFTA would not have passed. The paper also examines effects of a Representative’s political characteristics, business and labor interests,

and constituent demographics on the CAFTA vote. For these control variables, almost all of the results were expected from relevant theory and past empirical work on trade bills.

Campaign contributions and employment in sectors considered to be “losers” under CAFTA were quite significant in determining the vote. Constituent education, pro-labor ratings, and incumbent status were important as well in determining the CAFTA vote. Income, however, was significant in the direction opposite of the expected.

## **II. Literature Review**

Relevant past literature focuses on congressional voting, and many of these papers are written on trade bills specifically. One of the first empirical papers on congressional voting was written by Durden & Silberman (1976), whose result stated that campaign contributions had a substantial effect on voting. Chappell (1982), Tosini & Tower (1987), and Stratmann (1991) expanded that study using a variety of Congressional bills. McArthur & Marks (1988) and Fordham & McKeown (2003) examined the effects of constituent interests versus legislator ideology on voting, both determining that constituent influence is less significant than personal political opportunity cost.

Several papers have studied congressional voting for trade bills specifically. Kaempfer, Tower, & Willett (2002) explored the political economy of protection. Nollen & Quinn (1994) analyzed an entire year of trade bills, and differentiated between types of trade policy: free trade, fair trade, strategic trade, and protectionism. Baldwin & Magee (2000) completed a thorough analysis of specific trade bills in contrast to the broad work by Nollen &

Quinn. They determined that campaign contributions from labor and business groups greatly influenced voting on NAFTA, the Uruguay Round Agreement, and Most Favored Nation status for China trade bills. Baldwin & Magee did recognize environmental opposition to these trade bills by including the League of Conservation Voters (LCV) rating as one of their variables for regression, but this does little to assess actual lobbying efforts of environmental groups.

Steagall & Jennings (1996), Kahane (1996), Conybeare & Zinkula (1996) and Kang & Greene (1999) examined congressional voting towards NAFTA specifically. All determined that contributions from political action committees (PACs) were quite influential in swaying votes, especially from labor unions. Conybeare & Zinkula considered environmental opposition to NAFTA, describing how environmental lobbyists sought alliances with unions (and vice versa) as groups with indirect interests. Kahane recognized the environmental debate as one of the three major issues facing NAFTA (along with employment effects and effects on Mexican immigration), but again, quantified it only with an LCV rating. He also mentioned that environmental groups were split over the NAFTA debate.

### **III. The CAFTA Debate**

CAFTA promotes trade liberalization between the United States, Dominican Republic, and five Central American countries: Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. Whereas NAFTA negotiations lasted seven years, CAFTA was passed in one year, shortly after Congress approved a bill to confer Trade Promotion Authority to the White House, or “fast track.” Under fast track, the bill would have to be voted on “yes” or “no” with

no opportunity for amendments. President Bush signed the bill on August 2, 2005 after narrow victories in the Senate and House, 54-45 and 217-215, respectively.

President Bush and other CAFTA proponents asserted that CAFTA would boost trade by expanding export markets, reduce the US trade deficit, and bring stability to Central America by creating jobs. Proponents of CAFTA include free-traders and pro-business interests, and most Republicans, including some who were convinced at the last minute with backroom deals. CAFTA is set to be a major gain for business leaders, as huge profits are set to be made with the opening of such an important market. The intellectual property rights (IPR) provisions of CAFTA are beneficial for many corporations. The agreement protects and expands individual and corporate investor rights by allowing patents on essential food crops and medicines. While being a significant gain for many U.S. corporations, some Central Americans see the IPR provisions as restricting their rights to save cultivated seeds or their access to life-saving drugs.

Labor unions are strong opponents of CAFTA, unhappy with job reallocations under NAFTA. After NAFTA was passed, US companies relocated to Mexico to take advantage of cheaper labor and weaker worker and environmental protections. Companies that did not relocate used the threat of leaving to bust unions and lower wages. Unions blame NAFTA for the loss of 900,000 jobs during the years following the agreement, and say they expect a similar situation under CAFTA (AFL-CIO, 2005). However, CAFTA is also set to create many jobs in the export industries through a reallocation of the labor force. It is widely believed that free trade in general leads to a more efficient distribution of labor by allowing countries to specialize in production.

In a trade agreement such as this, it is often easy to point out the short-term losers from the deal, and these sectors tend to be quite vocal in their lobbying efforts. The three industries that stand to be affected most by CAFTA are sugar, textiles, and agriculture. Sugar producers fear that expanded import quotas under CAFTA will result in an influx of cheap sugar from Central America, although the administration contends that the difference will only amount to an additional teaspoon a week per adult American (USTR, 2005). On the other hand, the U.S. Department of Commerce blames protectionist sugar policies for the loss of 10,000 jobs in companies that produce sugar and confectionary products from 1997 to 2002. The Commerce Department criticizes programs that insulate sugar farmers from cheap imports and induce artificial prices for the thousands of sugar jobs that have left the country (Brat, 2006).

Textile workers view the trade agreement as little more than an outsourcing arrangement, where American cloth will be sent to Central America to be assembled for very low wages, and then shipped right back as finished products. CAFTA proponents, however, argue that the union between the U.S. and Central America will help both to compete against Asia in the textile sector (USTR, 2005). Agriculture, on the other hand, is generally pro-CAFTA. Under the agreement, tariffs on US agricultural goods (average around 11 percent) would be eliminated, allowing an estimated increase of \$1.5 billion in exports (“Q & A,” 2005). However, some trade experts believe that farm imports will outpace exports, essentially nullifying the gains to the tariff reductions (Scott, 2005).

Environmentalists, the focus of this paper, are almost unanimously set against CAFTA. This accord is different from the NAFTA debate where environmental groups were divided over the consequences. Environmental groups claim that CAFTA does not enforce any environmental regulations, and that it would furthermore erode current environmental and

health standards. Central America is an area with already weak environmental standards and insufficient enforcement, even though it is one of the most biologically rich and diverse areas in the world. Also, the problems with NAFTA's Chapter 11 are repeated in the CAFTA text. Under Chapter 11, multinational corporations can bypass domestic courts to challenge local rules and regulations on natural resources in closed door international tribunals. Although environmentalists were adamantly opposed to the agreement, "mainstream" research organizations such as the Brookings Institution and the Institute for International Economics did not consider the environmental issue to be important enough to nullify a trade agreement. The Institute for International Economics recognizes environmental problems stemming from NAFTA, but argues that the solution is not to lament NAFTA and the economic growth it promotes (Hufbauer *et al.*, 2000). Some economists fear that protectionists use the environmental card to further their cause. They also are wary of high-income countries imposing trade barriers onto poorer countries that cannot follow strict environmental standards, depriving them of their natural comparative advantage (Bhagwati, as cited in Esty, 2001).

CAFTA was a highly political issue, and was seen as legislation that would either cement Bush's authority in the administration, or be the turning point in a gradual loss of power. Democrats tried to paint the issue as the President losing Republican support. Because the issue was so politicized, the debate became quite polarized between Democrats and Republicans. Anti-Bush Democrats were strongly opposed to CAFTA, not because of free-trade concerns, but because a "no" vote on this issue would be a major defeat for the White House.

#### **IV. Data**

Political characteristics, interest group pressure, and constituent demographics are all important when a Representative decides how to vote. The object of this study is to determine which had the greatest effect in determining the CAFTA vote, and if environmental lobbying in particular had any influence.

Variables to describe the party affiliation of constituents, although seemingly necessary, were not included for a couple of reasons. First, voter registration data was not available for all districts, but a proxy was available. That proxy was in results for the 2004 House election, in percentages per district of those who voted Democrat. However, when regressed with the other variables in the data set, the variable was insignificant. It was dropped to reduce noise, and because the information is already captured somewhat in the party of the Representative. The variables are defined and listed in Table 1 along with their sources and their means.

#### **V. Econometric Model and Findings**

An econometric analysis of Congressional voting empirically tests the positions that were previously outlined in the debate over CAFTA. It is clear who is for or against the trade agreement, but how much did these varying interests, whether they are selfish or ideological, influence Representatives' votes? And how important is the new environmental variable developed in this paper? A probit analysis of the data determines what factors were most significant in the decision to vote for or against CAFTA. A probit regression has a binary

dependent variable, allowing other variables to be regressed on a “yes” (1) or “no” (0) vote for CAFTA. Coefficients of the variables affect the probability that the dependent variable will equal 1, i.e. a “yes” vote. Probit equations use the standard normal cumulative distribution function, and probabilities are taken from the p-values of the standard normal table.<sup>2</sup> Only the sign of the coefficient can be interpreted by sight (raising or lowering the probability of a “yes” vote), and further analysis is needed to assess magnitude. This analysis is done through calculating marginal effects, that is, the changes in probability of the dependent variable (yes vote) from a unit change in the independent variables. Marginal effects for each independent variable are listed in Table 2, and probit coefficients are listed in the appendix.

The question of the environment had little influence in legislator’s decisions on CAFTA. Both environmental variables, environmental targeting and LCV rating, were insignificant, but they were negative as predicted. A study by Kahane (1996), however, indicates that LCV rating was significant and positive in the NAFTA vote. His explanation was that Congress expected to see environmental gains in Mexico with the trade agreement. According to the CAFTA results, the environmental community does not yet have the power and pressure to sway high profile legislation such as a large trade agreement.

Significant variables include terms in office, campaign contributions, AFL-CIO rating, college education, income, and sugar and textile districts. They all have expected signs except for income, which will be addressed shortly.

Marginal effects of variables are important in determining the magnitude of a variable’s significance. For example, an addition of one term in office at the mean level increases the probability of a yes vote by about 2 percentage points.<sup>3</sup> A more veteran Representative can often vote with less regard toward constituent desires because of the greater chance of

reelection. This would indicate that perhaps “newer” Representatives wanted to vote for CAFTA, but decided to vote against it to save face at home in their districts and not ruin their chances for reelection.

Campaign contributions, both from business and labor PACs, were very significant, as expected from previous empirical research. Steagall & Jennings (1996) studied labor and business PAC contributions for the vote on NAFTA, and saw the same results as this model for CAFTA. In quantitative terms, a \$1000 per year increase in business contributions increases the probability of a yes vote by 0.1 percentage points, and a \$1000 per year increase in labor contributions would decrease the likelihood of a yes vote by 0.3 percentage points. These numbers do not seem very large, but average contributions were \$147, 000 from business PACs and \$36,000 from labor PACs; if one were to increase campaign contributions by those amounts, average business contributions increases the probability of a yes vote by 14.7 percentage points, and average labor contributions would decrease the probability of a yes vote by 12 percentage points. This would indicate that many of the contributions did in fact sway votes.

The AFL-CIO rating was quite significant, meaning that pro-labor Representatives did not deviate from their ideology during the CAFTA vote. An addition of 10 points to a Representative’s rating from 50 to 60 (out of 100 points) increases the probability of a no vote by 11 percentage points, indicating the great influence of labor in the CAFTA debate. However, unionization and unemployment, other measurements of labor, surprisingly had little or no effect on the CAFTA vote. One would expect highly unionized areas to be against the trade agreement, but perhaps the insignificance of the variable is due to the relatively low percentage of unionized population in general. Unemployment was expected to be significant

and have a negative sign, but the variable is insignificant (it does have a negative sign). With President Bush under so much criticism for a stagnant economy, it is surprising that the presence of an unemployed population had such a small effect. Conybeare & Zinkula (1996), in a NAFTA study, found those same three labor variables to be negative and significant, as expected. Kahane (1996) also found unionization and unemployment to be negative and significant. Clearly, the political climate in 1993 was much different than it is today. Perhaps because the Bush administration is so Republican-friendly, these variables are different under CAFTA. Further research may indicate why these variables had little effect in this particular legislation.

Sensitive sectors, sugar and textiles, were also very significant in deciding a no vote for CAFTA. Kahane (1996) and Kang & Greene (1999) examined the effects of “winners” and “losers” of NAFTA in constituencies of Congressional members. Textiles and sugar certainly can be seen as “losers” of CAFTA, but agriculture is ambiguous. Kahane (1996) found the coefficients for gainers and losers to be significant, but Kang & Greene (1999) did not. An addition of one sugar farm to a district would cause a Representative to be 0.3 percentage points more likely to vote against CAFTA. An increase of one percentage point of textile workers as a percentage of the working population would cause a Representative to be 16 percentage points more likely to vote against CAFTA. The average percentage of textile workers in a district is 0.9%. If a district were to double its proportion of textile workers, its Representative would be about 15 percentage points more likely to vote against CAFTA. The textile sector was clearly fervent in its opposition of CAFTA.

In education, one more percentage point of college-educated constituents in a district increases the probability of a yes vote by 5 percentage points. The variable “democrat,”

representing party affiliation, is negative but not significant. However, several other variables, such as AFL-CIO and LCV ratings and campaign contributions are proxying for party affiliation so that the low significance is expected. Most representatives (90%) voted along party lines, and standing alone, party affiliation is quite significant.

Hispanic population was surprisingly insignificant for this CAFTA study compared with previous empirical studies on NAFTA. Baldwin & Magee (2000) and Kang & Greene (1999) found percentage of Hispanics to be positive and significant for the NAFTA vote. However, since Central America is not adjacent to the United States like Mexico is, there are fewer Central American immigrants to voice their opinions over the deal. Also, it is more likely that jobs would move to Mexico rather than Central America, again simply because of proximity.

Income effects are significant, but in the direction opposite of the expected. Poorer communities would normally be against a trade agreement such as CAFTA, but the negative sign of the variable indicates that as income falls, constituents become more *pro*-CAFTA. In particular, a \$1000 decrease at the mean level in average district income (about 5% of average national total income) would cause a Representative to be more likely to vote for CAFTA by 4 percentage points. A likely cause for anomaly is that income was regressed with incidence of college degrees, with which it is highly correlated (89%). When the probit regression is re-estimated without college degrees, the income variable is insignificant. The Baldwin & Magee (2000) study found the income variable for NAFTA to be insignificant as well. The income variable is generally problematic in this regression as it lumps together labor and capital income, wage and non-wage earnings. A more accurate assessment of labor's influence on the vote would be to include only wage income in the regression. Another explanation for

income's negative direction may be that some poor communities view CAFTA as a step toward making the U.S. more accepting of looser immigration policies; in this case, low income would capture many immigrant households.

## **VI. Effects of Campaign Contributions**

Because the environmental targeting value (and LCV ratings) was insignificant in the regression, one might assume that the lack of monetary contributions was to blame. The next question to be answered is how important campaign contributions are in the lobbying efforts. Environmental groups rarely give explicit contributions to politicians; rather, they rely on meetings, literature distribution, and general persuasion to sway votes. Does the lack of money contributions hinder this interest group? Business and labor interests, which were very powerful in the CAFTA debate, donated huge sums of money to Representatives. Perhaps the environmental issue would have been more important if they, too, had donated.

I empirically tested this hypothesis using the probit regression results. The equation was re-estimated using the same probit coefficients, with 99.5% accuracy when compared to the actual vote. The equations were then calculated in three different ways: with labor and business contribution coefficients equal to zero, with only labor contributions equal to zero, and with only business contributions equal to zero. Results, listed in Table 3, shed light on how important campaign contributions from these two PACs are in determining the CAFTA vote, and also on the importance of each individually.

As expected, excluding labor contributions or business contributions resulted in passage of CAFTA and no passage of CAFTA, respectively. What is interesting, however, is that if

there were no contributions from either PAC, CAFTA would not have passed. This finding differs from results in Baldwin & Magee (2000). Using a similar model, they find that an absence of business and labor contributions in the NAFTA vote would actually increase the number of yes votes. The predicted CAFTA votes with no contributions might indicate that business PACs were more influential than labor PACs in the time leading up to the vote, given that business contributions were able to force the passage of CAFTA even with the presence of labor money. This is not surprising given that in general, business groups gave much more money than labor groups, and this was also the case before NAFTA (the pre-CAFTA average for business was \$146,000 per Representative, and for labor it was only \$36,000). Labor contributions swayed 13 votes, when comparing the predicted vote with all contributions to the vote with no labor contributions. Business PAC money swayed 23 votes. Business and labor contributions combined affected 15 votes. Environmental groups would have to donate very large sums to exert a similar influence.

The Baldwin & Magee model found that labor contributions were able to sway 67 votes, and business contributions affected 41 votes in NAFTA. These numbers are much larger than those I found in the CAFTA vote, perhaps because in CAFTA the interest groups were more diverse, meaning that contributions would have come from sources other than only business and labor. Also, business and labor effects may exist in forms other than campaign contributions. Many special favors were granted to Representatives up until the vote, and these favors may well have been business or labor influenced. Campaign contributions in no way represent the entire picture of business and labor lobbying.

## **VII. Conclusions**

This paper delves into the determinants of Congressional voting on CAFTA. It focuses on the highly polarized debate preceding CAFTA, and considers especially the role of environmental groups in influencing the vote. Empirical results indicate that the environment was not a major point of contention during the CAFTA vote. Both variables accounting for environmental lobbying influence were insignificant, although their directional effects were as expected. This result indicates that the lobbying techniques of environmental groups are not on par with the larger lobbying organizations, who often donate large sums. In fact, business and labor groups were able to sway 23 and 13 votes, respectively, due to monetary contributions. The insignificance of environmental lobbying is most likely due to a lack of campaign contributions, or to a general belief among Congress that CAFTA would not significantly affect the environment. Although environmentalists were adamantly opposed to the agreement, “mainstream” research organizations such as the Brookings Institution and the Institute for International Economics were not overly concerned with the environmental issue under CAFTA. Clearly, subjects other than the environment were more important to legislators at that time.

Campaign contributions were a very important factor in determining the vote, but perhaps more so was employment in the sensitive sectors of CAFTA: sugar and textiles. These “losers” under CAFTA seemed to be the most adamant in lobbying against the agreement. Representatives who were generally pro-labor stuck to their precedents and voted against CAFTA, demonstrating the intense lobbying efforts of labor groups during the debate. More educated populations were generally in favor of the agreement.

The one surprise in this analysis was the effect of district income on the CAFTA vote. However, when regressed without district percentage of college degrees, with which income is highly correlated, the variable is insignificant.

**Table 1:** *Descriptions, sources, and means of variables*

<b>Variable</b>	<b>Description</b>	<b>Source</b>	<b>Mean</b>
Yes vote	=1 if Representative voted for CAFTA	House of Representatives Website	0.50
Democrat <sup>a</sup>	=1 if Representative is a Democrat		0.47
Terms	Number of terms in office	Government Printing Office	6.09
Business Contributions	Business PAC contributions 2005- 2006 Federal Election Cycle, in thousands of dollars	The Center for Responsive Politics	147.3
Labor Contributions	Labor PAC contributions 2005-2006 Federal Election Cycle, in thousands of dollars		36.0
AFL-CIO rating	2004 Lifetime Rating by the AFL- CIO (out of 100)  *Ratings for new members are from the 2005 Interim Voting Record	AFL-CIO Congressional Voting Record	50.18
LCV rating	2004 Lifetime Rating by the League of Conservation Voters (out of 100)  *Ratings for new members are from the 2005 Voting Scorecard	League of Conservation Voters “scorecard”	46.66

Environmental targeting <sup>a</sup>	=1 if the Representative was “targeted” by environmental groups	Information from Friends of the Earth, Washington, DC	0.076
Hispanic population	2000 District percentage of population of Hispanic or Latino origin	U.S. Census Bureau, 109 <sup>th</sup> Congressional District Summary File (2000)	12.63
Unemployment	2000 District unemployment rate		3.67
No high school degree	2000 District percentage of population 25+ with no high school degree		3.75
College degree	2000 District percentage of population 25+ with a bachelor’s degree		15.41
Income	2000 District per capita income in thousands of dollars (2006 dollars)		21.57
Unionization	2005 State percentage of employed citizens that are Union members	Bureau of Labor Statistics	12.55
Agriculture	2002 total agricultural sales by state, in billions of dollars (2006 dollars)	2002 Census of Agriculture	10.7
Sugar (per district)	2002 total number of sugar beet and sugarcane farms by District		13.84

Sugar (rest of state)	2002 total number of sugar beet and sugarcane farms in the rest of the state		118.06
Textile	2001 State percentage of employees in textile mills, textile product mills, and apparel manufacturing	2001 County Business Patterns	0.82

**Table 2: Marginal Effects of variables on a yes vote**

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<b>Variable</b>	<b>Marginal Effect</b>	<b>Standard Error</b>
Democrat <sup>a</sup>	-0.251	0.196
Terms	0.0173*	0.0104
Business Contributions	0.00144***	0.000458
Labor Contributions	-0.00348***	0.00139
AFL-CIO rating	-0.0107***	0.00341
LCV rating	-0.000344	0.00260
Environmental targeting <sup>a</sup>	-0.0632	0.137
Hispanic population	0.00222	0.00278
Unemployment	-0.0458	0.0664
No high school degree	0.0443	0.0475
College degree	0.0489***	0.0190
Income	-0.0424**	0.0209
Unionization	-0.00219	0.00744
Agriculture	0.000861	0.00151
Sugar (per district)	-0.00318***	0.000892
Sugar (rest of state)	-0.000442**	0.000155
Textile	-0.158***	0.0437

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Number of Observations: 430

Pseudo-R2: 64.2%

Log Likelihood: -105.737

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<sup>a</sup> Marginal effect is for discrete change of dummy variable from 0 to 1

\*\*\*statistically significant at the 1% level

\*\*statistically significant at the 5% level

\*statistically significant at the 10% level

**Table 3:** *Effects of Campaign Contributions on the CAFTA vote*

<b>Equation</b>	<b>Yes Votes</b>	<b>No Votes</b>	<b>Result</b>
Actual CAFTA vote	217	215	CAFTA passes
Predicted votes with business and labor PAC contributions	219	213	CAFTA passes
Predicted votes with no contributions	204	228	CAFTA does not pass
Predicted votes with no labor contributions	232	200	CAFTA passes
Predicted votes with no business contributions	196	236	CAFTA does not pass

## Appendix

**Table 1: Probit Coefficients**

Variable	Probit Coefficient	Standard Error
Constant	2.351***	0.887
Democrat	-0.641	0.519
Terms	0.0435*	0.0260
Business Contributions	0.00361***	0.00115
Labor Contributions	-0.00873***	0.00350
AFL-CIO rating	-0.0269***	0.00855
LCV rating	-0.000863	0.00653
Environmental targeting	-0.160	0.351
Hispanic population	0.00556	0.00699
Unemployment	-0.115	0.167
No high school degree	0.111	0.119
College degree	0.123***	0.0478
Income	-0.000106**	0.0000525
Unionization	-0.00550	0.0187
Agriculture	0.00216	0.00378
Sugar (per district)	-0.00798***	0.00224
Sugar (rest of state)	-0.00111**	0.000388
Textile	-0.396***	0.110

Pseudo-R<sup>2</sup>: 64.52%

Log Likelihood: -105.737

\*\*\*significant at the 1% level

\*\* significant at the 5% level

\* significant at the 10% level

## Endnotes

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<sup>1</sup> NAFTA called for immediately eliminating duties on half of all U.S. goods shipped to Mexico and gradually phasing out other tariffs over a period of about 14 years.

<sup>2</sup> For more information on probit analysis, see Stock & Watson, *Introduction to Econometrics*, (Boston: Addison-Wesley), Chapter 9.

<sup>3</sup> All reports of marginal effects for continuous variables occur at the means of those variables. For dummies, the marginal effects reported are from  $X=0$  to  $X=1$ .

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