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Articles

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Abstracts

Diplomacy and domestic politics: the logic of two-level games
by Robert D. Putnam

Domestic politics and international relations are often inextricably entangled, but existing theories (particularly "state-centric" theories) do not adequately account for these linkages. When national leaders must win ratification (formal or informal) from their constituents for an international agreement, their negotiating behavior reflects the simultaneous imperatives of both a domestic political game and an international game. Using illustrations from Western economic summitry, the Panama Canal and Versailles Treaty negotiations, IMF stabilization programs, the European Community, and many other diplomatic contexts, this article offers a theory of ratification. It addresses the role of domestic preferences and coalitions, domestic political institutions and practices, the strategies and tactics of negotiators, uncertainty, the domestic reverberation of international pressures, and the interests of the chief negotiator. This theory of "two-level games" may also be applicable to many other political phenomena, such as dependency, legislative committees, and multi-party coalitions.

Economic interdependence, bargaining power, and political influence
by R. Harrison Wagner

Bargaining theory is used to evaluate the proposition that asymmetrical economic interdependence among states is a source of political power. It is shown that asymmetrical economic interdependence does not imply that less dependent actors will be able to exercise political influence over more dependent ones. The use of economic interdependence for political influence requires, instead, that the exchange of economic resources for political concessions make both parties to a relationship better off than they would be if they bargained over the distribution of the gains from the economic relationship alone. Whether this is true is independent of the degree of asymmetry in the economic relationship, or its direction. An explanation is given for the fact that other scholars have reached different conclusions, and the implications of these results for our understanding of a variety of types of relations among governments are derived.

Anarchy and the limits of cooperation: a realist critique of the newest liberal institutionalism

by Joseph M. Grieco

The newest liberal institutionalism asserts that, although it accepts a major realist proposition that international anarchy impedes cooperation among states, it can nevertheless affirm the central tenets of the liberal institutionalist tradition that states can achieve cooperation and that international institutions can help them work together. However, this essay's principal argument is that neoliberal institutionalism misconstrues the realist analysis of international anarchy and therefore it misunderstands realism's analysis of the inhibiting effects of anarchy on the willingness of states to cooperate. This essay highlights the profound divergences between realism and the newest liberal institutionalism. It also argues that the former is likely to be proven analytically superior to the latter.

Mastering the market: Japanese government targeting of the computer industry

by Marie Anchordoguy

A key topic of inquiry in the ongoing debate over Japan's remarkable postwar growth is the role of the government. Some argue that the state has played a leading role in stimulating and guiding the development of specific industries; others argue that market factors, such as high rates of investment and savings and low labor costs, have been the key impetus. This article focuses on the link between the state and the market, in particular the impact of state policies on market competition. It is primarily concerned with how targeting policies can be structured in ways that spur industrial development; that is, how policies can help firms enter an industry and encourage them to invest heavily to make better products, without sapping their initiative and making them dependent on the government. A case study of Japan's national strategy to develop an economically viable computer industry provides an opportunity to explore the relationship among targeting policies, market competition, and industrial development.

The changing relationship between the World Bank and the International Monetary Fund

by Richard E. Feinberg

The World Bank and the International Monetary Fund have been bedeviled since their common creation over how to define their areas of specialized competence and how to interact in areas of overlapping jurisdiction. The multiple shocks that have destabilized the global economy over the last two decades have stimulated the Bank and Fund to alter fundamentally their programs and approaches, often without fully taking into account their relation to the work of the other Bretton Woods agency.

The Fund's traditional focus on short-term stabilization, correcting external account imbalances, and fighting inflation, contrasted with the World Bank's provision of long-term funds for investment in capital-intensive projects. But more recently, with the establishment of the IMF's Extended Fund Facility and the Bank's structural adjustment lending, both institutions share the objective of adjustment with growth, and each claims some responsibility for an extremely wide range of policy instruments. The new Structural Adjustment Facility, in particular, has the potential to link more tightly decision-making on Fund stand-by arrangements and Bank structural adjustment lending, increasing the probability of new forms of cross-conditionality—termed here consultative cross-conditionality, interdependent cross-conditionality, and indirect financial linkage.

The Bank and Fund need to find ways to better delineate and manage their new relationship. Problems that should be addressed to do so include proper modes of collaboration between Bank and Fund staff, issue specialization, the avoidance of piling on excessively detailed performance requirements, and decisions on ineligibility. Enhanced cooperation between the Bank and Fund can not only produce more coherent adjustment programs, but can also help to mobilize other sources of official and private capital.