Introduction: approaches to explaining American foreign economic policy

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Despite its relative economic decline, the United States remains the dominant power in the world economy. The foreign economic actions taken by American officials, whether they involve trade, technology transfer, or the value of the dollar, continue to have profound consequences for other states in the international system, as well as for American domestic politics and economics. Thus, it is not surprising that the study of American foreign economic policy attracts considerable scholarly attention, and presently constitutes a major portion of the subfield of international political economy.

In constructing explanations of American foreign economic policy, scholars have employed a range of analytical and theoretical approaches. Three have major significance: system-centered, society-centered, and state-centered approaches. International, or system-centered, approaches explain American policy as a function of the attributes or capabilities of the United States relative to other nation-states. In this view, government officials are perceived as responding to the particular set of opportunities and constraints that America's position in the international system creates at any moment in time.[1] Society-centered approaches view American policy as either reflecting the preferences of the dominant group or class in society, or as resulting from the struggle for influence that takes place among various interest

1. Examples and discussions of system-centered approaches include Charles Kindleberger, *The World in Depression* (Berkeley: University of California Press, 1973); Robert Keohane, "The Theory of Hegemonic Stability and Changes in International Economic Regimes," in Ole Holsti, R. Siverson, and A. George, eds., *Change in the International System* (Boulder: Westview Press, 1980); Stephen Krasner, "State Power and the Structure of International Trade," *World Politics* 28 (April 1976), pp. 317–43; David A. Lake, "International Economic Structures and American Foreign Economic Policy, 1887–1934," *World Politics* 35 (July 1983), pp. 517–43; and Duncan Snidal, "The Limits of Hegemonic Stability Theory," *International Organization* 39 (Autumn 1985), pp. 579–614.

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groups or political parties. In either case, this approach explains foreign economic policy essentially as a function of domestic politics.[2] Third, state-centered approaches view foreign economic policy as highly constrained by domestic institutional relationships that have persisted over time, and also by the ability of state officials to realize their objectives in light of both international and domestic constraints. This approach emphasizes the institutional structures of the state and the capacities of political and administrative officials who occupy positions within it.[3] Each of these three perspectives is well-represented in the literature, and no single approach currently dominates the field.

The contributions to this volume reflect and, in fact, highlight the existing diversity in approach. The authors place varying emphasis on the significance of state, society, and international system in their efforts to account for different aspects of American foreign economic policy. In addition, the authors reinterpret important historical episodes or circumstances of American policy that are not adequately explained in the existing literature. The failure of the United States to assume leadership in the interwar period, the persistence of a free-trade orientation in the 1970s and 1980s, and major turning points in American energy and East–West trade policy are among the issues for which the articles attempt to provide more compelling explanations.

Collectively, the evidence cumulated from the papers suggests two important findings. First, both system-centered approaches, which collapse the distinction between state and nation-state, and society-centered approaches, which tend to view the state as an arena for political conflict and a relatively passive political actor, could be enhanced by focusing more explicitly and positively on the role of state officials and institutions in the policy process.[4] The volume, as a whole, suggests that the state serves as an important independent or intervening variable between social and international forces, on the one hand, and foreign economic policy on the other.

Both system- and society-centered explanations of foreign economic policy treat the policymaking process as a "black box." Such a conception is

2. Society-centered approaches include E. E. Schattschneider, *Politics, Pressures and the Tariff* (New York: Prentice-Hall, 1935); Jonathan J. Pincus, *Pressure Groups and Politics in Antebellum Tariffs* (New York: Columbia University Press, 1977); Timothy McKeown, "Firms and Tariff Regime Change: Explaining the Demand for Protection," *World Politics* 36 (January 1984), pp. 215–33; and Peter Gourevitch, *Politics in Hard Times* (Ithaca: Cornell University Press, 1986).

3. On state-centered approaches, see Peter J. Katzenstein, "Conclusion: Domestic Structures and Strategies of Foreign Economic Policy," in Katzenstein, ed., *Between Power and Plenty* (Madison: University of Wisconsin Press, 1978), and *Small States in World Markets* (Ithaca: Cornell University Press, 1986); Stephen Krasner, *Defending the National Interest* (Princeton, N.J.: Princeton University Press, 1978); and G. John Ikenberry, "The Irony of State Strength: Comparative Responses to the Oil Shocks," *International Organization* 40 (Winter 1986), pp. 105–37.

4. Jeff Frieden's contribution to this volume is an exception, since it does not support this general finding.

most useful when it explains or predicts the pattern of a large number of cases across time or space. However, it becomes less useful when analysis, as in the present volume, focuses more closely on a small number of cases in a single country over time. In that event, we need to understand the policy process, and how domestic and international forces and constraints are transmitted through the black box of government. The articles in this volume provide insights about how one might disassemble the black box, as it were, to explain specific episodes of American foreign economic policy.

Second, state-centered approaches are limited in their explanatory power by the widespread conception of the American state as "weak" (that is, able to do little more than register the demands of private actors) relative to its own society. Several authors demonstrate empirically the limitations of the weak state conception, and seek to determine the sources of state strength and variations in it across time and issue-area. Overall, this volume suggests that, in American foreign economic policy, the state matters more, and in different ways, than previously has been appreciated. Greater attention, we conclude, should be devoted to the role and efficacy of the state.

The weak-state conception is useful in situating the American state relative to those in other advanced industrial countries. Yet it tells us little about variations in the role of the state across time and issue-area within a single country. The contribution of these articles is that they provide detailed analyses of when and how the American state has an impact on foreign economic policy, both as an actor and as an institution.

The remainder of this introduction elaborates the points already made. We examine the conceptual underpinnings of each of the three approaches, and how each currently explains American policy. We also discuss how each approach might be refined or modified, given the findings and arguments the authors raise.

System-centered explanations

Systemic-level theories are the most distinctively "international" approaches to the study of world politics and international political economy. Where both society- and state-centered approaches begin their analyses within the nation-state, systemic theories abstract from domestic politics and focus on the relative attributes of countries. In this perspective, theoretical propositions are derived only from the interrelationships and interactions among nation-states.[5]

In the explanation of foreign economic policy, some scholars argue that

5. See Kenneth Waltz, *Theory of International Politics* (Reading, Mass.: Addison-Wesley, 1979), and Robert Keohane, "Theory of World Politics: Structural Realism and Beyond," in Keohane, ed., *Neorealism and its Critics* (New York: Columbia University Press, 1986).

systemic theories deserve a certain primacy over other levels of analysis. As Robert Keohane writes:

> an international-level analysis . . . is neither an alternative to studying domestic politics, nor a mere supplement to it . . . On the contrary, it is a *precondition* for effective comparative analysis. Without a conception of the common external problems, pressures, and challenges . . . we lack an analytic basis for identifying the role played by domestic interests and pressures . . . Understanding the constraints imposed by the world political economy allows us to distinguish the effects of common international forces from those of distinctive national ones.[6]

The international system, in this view, is a necessary "first cut" in any analysis of international or comparative politics. As such, it can explain recurring international events and the commonalities in national foreign policies. This is important even in the study of foreign economic policy in a single nation-state, and it should lead the analyst to apply at least an implicit comparative standard.

Several systemic theories of relevance to American foreign economic policy have enjoyed prominence over the last decade. In particular, world systems theory, generally associated with the work of Immanuel Wallerstein, explains foreign economic policy as a function of the processes and contradictions within international capitalism. The literature on transnational relations and economic interdependence examines how international transactions, a systemic process, increase the sensitivity of one country to developments in a second, and thereby render foreign policy more contingent or strategic. And the burgeoning literature on international regimes suggests that they may constrain national policy and facilitate greater international cooperation. All of these literatures have helped shape the research agenda of international political economy, and are reflected in the articles to varying degrees.[7]

More centrally, the articles directly or indirectly address the theory of hegemonic stability. The theory is primarily intended to explain the rise and fall of international economic regimes, but it is also important as an explanation of foreign economic policy. In this context, the theory holds that a nation-state's position in the international economy decisively shapes its foreign economic policy. More specifically, dominant or "hegemonic" states have a strong preference for liberal economic regimes and possess the power to create and maintain such regimes, either by providing collective

6. Keohane's statement is found in "The World Political Economy and the Crisis of Embedded Liberalism," in John H. Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism* (Oxford: Clarendon Press, 1984), p. 16.

7. See Wallerstein, *The Modern World System,* vols. 1 and 2 (New York: Academic Press, 1974 and 1978); on transnational relations, see Edward Morse, *Modernization and the Transformation of International Relations* (New York: Free Press, 1976), and Robert Keohane and Joseph Nye, *Power and Interdependence* (Boston: Little, Brown, 1977); on regimes, see Stephen Krasner, ed., *International Regimes* (Ithaca: Cornell University Press, 1982).

goods or by coercing reluctant states to participate. Hegemonic stability theory has been used primarily to account for the evolution of the postwar trade regime and the role of the United States in its creation and maintenance. It has also been applied to developments in other issue-areas, including energy and monetary policy. Over the past decade the theory has received considerable attention, but only mixed empirical support.[8]

Like all systemic-level theories, the theory of hegemonic stability identifies only the international constraints placed on nation-states. Without a theory of domestic political process, it is limited to explaining recurrent patterns of behavior within the international arena. If a scholar is seeking to explain foreign economic policy in a single country, the systemic approach alone is inadequate. As Kenneth Waltz points out, to explain how any single nation-state will respond to the constraints imposed by the international structure requires a theory of foreign policy.[9] The articles in this volume confirm this insight and demonstrate that it is necessary to unpack the "black box" of domestic politics.

Several articles take up historical episodes in American policy that either confound, or are not adequately addressed by, hegemonic stability theory. For example, Judith Goldstein finds that, during the 1970s and 1980s, American trade policy has remained surprisingly liberal, despite the country's relative decline within the international economy and the growing import penetration of key sectors of the American economy. Similarly, Michael Mastanduno finds that, although it was at the zenith of its hegemonic power in the 1950s, the United States could not maintain the East–West trade regime it preferred. Jeff Frieden and Stephan Haggard both examine the interwar years—a period generally stumbled over by hegemonic stability theory—and seek to understand why the United States was so slow in assuming a position of leadership, despite possessing the economic resources and stature associated with such a role.

In reinterpreting these episodes, the authors suggest, explicitly or implicitly, that hegemonic stability theory (and indeed, systemic theory more generally) should be refined to include a conception of domestic political process, and in particular the role of state officials and institutions. Goldstein's argument emphasizes the manner in which the dominant idea of liberalism became embodied in state institutions; this idea-institution nexus, in turn, has acted as a brake on protectionist pressures and has enabled the United States to maintain a generally liberal trade policy despite its relative

8. See Snidal, "The Limits of Hegemonic Stability Theory"; Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, N.J.: Princeton University Press, 1984); Timothy McKeown, "Hegemonic Stability Theory and Nineteenth-Century Tariff Levels in Europe," *International Organization* 37 (Winter 1983); and Peter Cowhey and Edward Long, "Testing Theories of Regime Change: Hegemonic Decline or Surplus Capacity?" *International Organization* 37 (Spring 1983). A good discussion of the theory is found in Robert Gilpin, *The Political Economy of International Relations* (Princeton, N.J.: Princeton University Press, 1987), pp. 85–92.

9. See Waltz, *Theory of International Politics*.

economic decline. For Mastanduno, the inability of the United States to determine alliance East–West trade policy at the peak of its hegemony derived not from its structural position or societal constraints, but from the contradictory nature of the goals of autonomous state officials. To maintain intra-alliance cohesion against the Eastern bloc and build liberal international economic regimes in the West, U.S. officials decided that they could not push the issue of East–West trade to the point at which it disrupted relations with Western Europe. Thus, while Goldstein's argument focuses on state institutions, Mastanduno emphasizes the importance of the interests and resources of state officials.

On the interwar period, Frieden resolves the paradox of the United States being able, yet unwilling, to lead by emphasizing the stalemate between nationalist and internationalist societal forces. So long as different parts of the state were captured by competing social forces, U.S. policy remained confused and contradictory. Only when internationalist forces began to dominate did American policy become more commensurate with the structural position of the United States. Haggard provides an alternative account, tracing the emergence of U.S. economic leadership not to the struggle of societal elements, but to effective institution-building at the level of the state. Haggard argues that State Department officials managed to exploit the crisis of the 1930s by centralizing control over trade policy and enhancing their own role in its formulation. In this way, state actors, in pursuit of their own interests, rendered U.S. policy consonant with America's structural position.

Finally, David Lake's contribution suggests a similar and more explicit refinement of hegemonic stability theory. He argues that executive branch officials within the state, who typically face a national electorate and are charged with the overall defense and welfare of the nation-state, are particularly sensitive to the constraints and opportunities of the international system and seek to adopt policies consistent with these "national interests." The principal political cleavage, in this view, is between the foreign-policy executive and the representative elements of the state—primarily the legislature—which reflect societally generated interests. Foreign economic policy is the outcome of a bargaining process between these two sets of actors. Thus, the extent to which systemic constraints are reflected in foreign economic policy is determined by the relative success of the foreign policy executive within the domestic political arena. This success, in turn, is conditioned by the structure of the state. In this approach, although systemic factors are clearly important, by themselves they cannot explain policy choice. The analyst must examine both the international system and the domestic political process.

These authors clearly take different approaches to explain foreign economic policy, and their arguments carry different implications for systemic-level theory. They all accept, however, that while it may be theoretically more parsimonious to collapse the concepts of state and nation-state, the explanation of particular cases requires a greater appreciation of the domestic political process, in particular the role and efficacy of the state. With the exception of Frieden, the authors contend that we can enhance our understanding of American foreign economic policy by focusing on the actions of executive officials or the organizational structure of the American state.

Society-centered explanations

According to the society-centered approach, explanations of foreign economic policy are found in the ongoing struggle for influence among domestic social forces or political groups. State officials or institutions play neither an autonomous nor significant intervening role in shaping or constraining policy. Rather, the theory explains foreign economic policy in terms of the interests and capacities of groups or coalitions competing within the policy arena.

While there are several variants of society-centered explanations, the interest group approach is particularly prominent in the foreign economic policy literature; it draws on pluralist theory and views policy as the outcome of a competitive struggle among affected groups for influence over particular policy decisions.[10] This approach assumes that interest group involvement is somewhat fluid and variable, as various types of groups (for example, industry associations, labor unions, consumer advocates) form alliances that are contingent on the particular issue at stake. As the issues change, so too do the interest group alliances. Policy outcomes on any particular issue are a function of the varying ability of groups to organize and give their interests prominence in the policy process. In this approach, government institutions essentially provide an arena for group competition, and do not exert a significant impact on the decisions that emerge.

The interest group approach has enjoyed analytic primacy in the literature on American trade policy.[11] This approach views the American state as

10. The classic statements of the pluralist perspective can be found in David Truman, *The Governmental Process: Political Interests and Public Opinion* (New York: Knopf, 1951), and Robert Dahl, *Who Governs?* (New Haven, Conn.: Yale University Press, 1963). Subsequent revisions of the pluralist approach dispute some of its elements, but retain the essense of the society-centered focus. See Theodore Lowi, *The End of Liberalism* (New York: Norton, 1969), and Charles Lindblom, *Politics and Markets* (New York: Basic Books, 1977).

11. See Schattschneider, *Politics, Pressures and the Tariff*; Pincus, *Antebellum Tariffs*; Peter Gourevitch, "International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873–1896," *Journal of Interdisciplinary History* 8 (Autumn 1977); and Thomas Ferguson, "From Normalcy to New Deal: Industrial Structure, Party Competition, and American Public Policy in the Great Depression," *International Organization* 38 (Winter 1984). Also relevant is the growing literature on "rent-seeking" behavior. See Robert Baldwin, *The Political Economy of U.S. Import Policy* (Cambridge: M.I.T. Press, 1986), and Réal P. Lavergne, *The Political Economy of U.S. Tariffs* (New York: Academic Press, 1983).

essentially passive; it acts as a disinterested referee for competing groups, and supplies policies to satisfy the demands of successful domestic players. In this context, U.S. policy during the interwar period (most importantly, the Smoot–Hawley tariff) is explained as the consequence of protectionist sentiment generated by import-competing groups, while the rise of free trade in the postwar era is traced to the emergence of an internationalist, export-oriented coalition. As the growth of the U.S. economy has slowed in the 1970s and 1980s, import-competing interests have reemerged in the policy process, and their impact has been felt in the modification of America's free-trade stance.

In this volume, Frieden demonstrates the utility of a society-centered perspective, and uses it to develop a persuasive explanation for U.S. policy during the interwar period. Frieden highlights the inadequacy of system-centered approaches by arguing that the United States failed to assume the leadership role commensurate with its dominant economic power. He casts doubt on state-centered approaches by demonstrating that the state could not act as a coherent and purposive unit, since conflicting social groups captured significant parts of it. The state, and the foreign economic policy it pursued, largely reflected the ongoing struggle at the level of society. Frieden's overall argument suggests that the American state may be unable to exert a decisive, independent influence over foreign economic policy, particularly over issues where much is at stake and social forces are profoundly divided.

Other contributors subject the interest group approach and its application to more critical scrutiny. At a general level, they note the approach tends to lack theoretical rigor and predictive value, largely because it lacks an independent measure of group power. This creates problems when scholars working within this approach identify the dominant group or coalition at any time. Most analysts assess a given group's influence by observing the policy outcome, but this approach runs the risk of tautological reasoning. If the outcome of a group struggle can only be explained after the fact, the predictive value of the approach is severely limited, and explanations tend to take on an *ad hoc* character.[12]

More specifically, Lake, Goldstein, and Ikenberry demonstrate that state actors and institutions can play a critical role in shaping the manner and extent to which social forces can exert influence on foreign economic policy. Lake argues that the structure of societal interests facing the government is neither rigid nor predetermined, and shows that state officials can have an important impact by shaping the array of interest groups that contend over policy. In 1890, for instance, President Benjamin Harrison and Secretary of State James G. Blaine mobilized farmers, a previously latent group, and so enhanced their ability to internationalize American tariff policy. Along simi-

12. In his latest work, *Politics in Hard Times,* Gourevitch attempts to address this problem by developing a more structured conception of interest groups and coalitions.

lar lines, Goldstein contends that state institutions can shape interest groups' ability to gain access to the policy arena; the prevailing set of trade policymaking institutions channels American industry's demands for protectionism. Ikenberry takes this argument a step further, and demonstrates that the existing state institutions may influence the interests societal actors possess. In the energy sector, the existing regulatory apparatus had an onerous impact on some oil firms but provided substantial subsidies to others, and thus split what might otherwise have been a natural coalition of petroleum companies in favor of price decontrol.

Finally, Joanne Gowa's contribution attempts to specify more rigorously the conditions under which societal forces and state actors gain prominence in the policy process. For Gowa, the relative influence of state and society in foreign economic policy is likely to depend on whether or not the political "goods" in question (for example, trade, monetary policy) are susceptible to collective action. Their susceptibility, in turn, is a function not only of features intrinsic to the goods themselves, but also of the structure of state institutions within which these goods are situated.

These arguments suggest that the emphasis researchers place on society-centered approaches to explain American policy risks obscuring the critical intervening role that state actors and institutions may play in shaping the constellation and impact of interest groups in the policy process. An approach that focuses exclusively on societal groups captures only the "demand" for policy, but not its "supply"; to address the latter requires attention to the policymaking process.[13]

State-centered explanations

The state has long been the subject of social scientific inquiry, with strong roots reaching back to the continental European tradition of scholarship exemplified in the writings of Max Weber and Otto Hintze. Yet in American social science, as Theda Skocpol points out, the state traditionally has not been granted causal primacy, in deference to the dominance of society-centered perspectives.[14] Within the last ten years, however, there has been a strong revival of interest in the state, partly because we have come to recognize the limited explanatory power of more traditional pluralist and Marxist approaches. Within political science, the state has emerged as an important variable in the explanation of foreign economic policy in studies of both developing and advanced industrial societies.[15]

13. This point is raised by McKeown, "Firms and Tariff Regime Change."

14. Skocpol, "Bringing the State Back In: Strategies of Analysis in Current Research," in Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985).

15. See Katzenstein, "Conclusion"; and Krasner, "State Power"; John Zysman, *Govern-*

In recent social science literature, two broad approaches linking the state to policy outcomes have developed.[16] First, what can be termed the institutional approach conceives of the state primarily as an organizational structure, or set of laws and institutional arrangements shaped by previous events. In this view, institutions, once formed, tend to endure. Institutional change is nonlinear, and occurs primarily at moments of significant crisis, such as in the wake of wars or depressions.[17] The persistence of institutions enables them to influence policy even after the ideas and coalitions that initially gave rise to them no longer dominate.

The second approach conceives of the state as an actor, and focuses directly on politicians and administrators in the executive as independent participants in the policy process. Its primary emphasis is on the goal-oriented behavior of politicians and civil servants as they respond to internal and external constraints in an effort to manipulate policy outcomes in accordance with their preferences. An underlying presumption is that these preferences are partially, if not wholly, distinct from the parochial concerns of either societal groups or particular governmental institutions, and are tied to conceptions of the "national interest" or the maximization of some social welfare function.[18]

Within the past decade, state-centered approaches to American foreign economic policy have incorporated notions of the state as an organizational structure and an actor. The most widely cited literature considers how the institutional characteristics of states influence the policy process and particularly the ability of state officials to formulate and implement foreign economic policy. This so-called "domestic structures" approach, advanced most prominently by Peter Katzenstein, suggests that nation-states differ in the extent to which their states and societies are centralized, and in the range of policy instruments available to state officials in the conduct of foreign economic policy. They also differ in the degree of autonomy state officials

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ments, Markets and Growth (Ithaca: Cornell University Press, 1983); Peter Evans, *Dependent Development* (Princeton, N.J.: Princeton University Press, 1979); and Alfred Stepan, *The State and Society: Peru in Comparative Perspective* (Princeton, N.J.: Princeton University Press, 1978).

16. Skocpol, "Bringing the State Back In."

17. See Stephen Krasner, "Approaches to the State: Alternative Conceptions and Historical Dynamics," *Comparative Politics* 16 (January 1984), and James March and Johan Olsen, "The New Institutionalism: Organizational Factors in Political Life," *American Political Science Review* 78 (September 1984), pp. 734–50.

18. For example, Krasner suggests that the high-level government officials (i.e., "central decision-makers") are uniquely charged with protecting and promoting broad national security interests and thus are led to develop a distinctive and autonomous set of preferences. See Krasner, *Defending the National Interest*. Alternatively, it has been argued that the preservation of bureaucratic missions and the maintenance of control over annual budgetary resources may lead state officials to adopt preferences at variance with the interests of societal groups. See Graham Allison, *Essence of Decision* (Boston: Little, Brown, 1971), and Morton H. Halperin, *Bureaucratic Politics and Foreign Policy* (Washington, D.C.: Brookings Institution, 1974).

enjoy relative to societal forces. Given differences in these characteristics, different states can be placed along a continuum that ranges from "weak" to "strong" in relation to their own societies.

In this literature, a general consensus exists that the United States possesses a weak state.[19] That is, the American state tends to be decentralized and fragmented along bureaucratic or institutional lines, and state officials lack the range of policy instruments available to their counterparts in stronger states. As a result, we would expect that American state officials find it difficult to act purposefully and coherently, to realize their preferences in the face of significant opposition, and to manipulate or restructure their domestic environment.

As noted at the outset, while the weak state/strong state distinction may be appropriate for comparative purposes, it is of limited utility in the analysis of a single case. The contention that the American state is weak relative to that of France tells us little about the instruments available to state officials in the United States, and the impact of state institutions in trade as opposed to financial policy, or in the 1890s as opposed to the 1980s.[20] Consequently, many of the articles in this volume attempt to move beyond the weak-state characterization. They contend and demonstrate that the American state matters more and in different ways than the domestic structures literature generally appreciates. Neither individually nor collectively do they suggest, however, that a conception that views the American state as "strong" should replace the weak-state conception. Rather, the authors seek to develop contextual, empirically informed answers to the question of how and why the American state matters in the formulation and conduct of foreign economic policy.

As we have noted, Goldstein's argument emphasizes the tendency of state institutions to endure long after the decline of the social coalitions or international conditions that initially led to their creation. She explains the persistence of free trade in the altered circumstances of the 1970s and 1980s as a function of the legacy of institutional practices that took shape following the Great Depression and World War II and continue to influence the trade policy process. Haggard's analysis is relevant to this argument: he traces State Department efforts to rework domestic institutional arrangements to enhance executive power in the 1930s. In effect, Haggard analyzes the creation of the institutional framework that, for Goldstein, continues to influence current policy. Institutional factors also figure heavily in Ikenberry's

19. See Krasner, "United States Commercial and Monetary Policy"; Katzenstein, "Conclusion"; J. P. Nettl, "The State as a Conceptual Variable," *World Politics* 20 (July 1968), pp. 559–92; and Ira Katznelson, "Rethinking the Silences of Social and Economic Policy," *Political Science Quarterly* 101 (Summer 1986), pp. 307–25, especially 321–25.

20. Recent work by Helen Milner suggests that the weak state/strong state distinction may be problematic in the comparative context as well. See Milner, "Resisting the Protectionist Temptation: Industry and the Making of Trade Policy in France and the United States during the 1970s," *International Organization* 41 (Autumn 1987).

analysis: the structure of the existing petroleum regulatory apparatus not only constrained state officials in the 1970s, but also shaped or influenced the preferences of both energy producers and consumers. Finally, for Gowa, institutions are a mediating variable in a broader conceptualization of the foreign policy process. State institutions are an important determinant of the propensity for collective action, and thus for the relative influence of state and society, in a given issue-area.

Several of the articles suggest that institutional structures may, in fact, be malleable in the face of determined efforts by policymakers to overcome their constraining effects. Lake's discussion of the successful passage of freer trade legislation in 1913, for example, demonstrates that the supposedly rigid state structures, which would be expected to magnify the importance of domestic protectionist pressures, failed to block President Woodrow Wilson's liberal reform. Taking the line of argument a step further, Ikenberry emphasizes the ability of executive officials to disassemble the formidable regulatory apparatus that had come to characterize the U.S. energy sector. In effect, the reimposition of the market became the central tool of energy adjustment.

The relative significance of institutions in the explanation of foreign economic policy promises to be an important topic for future research and debate. The approach, and its implications, are discussed more fully in the conclusion.

For proponents of the state-as-actor approach, the state is neither the only significant actor, nor is it necessarily the most important. Also, they do not assume that the state always acts as a rational, unified entity. Nevertheless, in several of the cases that are examined in this volume, state officials do emerge as central actors, and play a critical role in shaping foreign economic policy. What resources does the state possess, and in what circumstances can it bring its influence to bear on the policymaking process? Drawing upon the cases, it is possible to identify three strategies available to state officials for expanding their influence in the policy process. The existence of such strategies and their effective use by state officials suggests that the American state, although decentralized and fragmented, is not necessarily as weak as it is portrayed in the domestic structures literature.

First, and related to the institutionalist perspective outlined above, the articles suggest that state officials can build new institutions to alter the distribution of power within the government or to achieve a specific goal. As Goldstein suggests, political change in the United States is often codified into new government institutions without displacing the older structures, creating a layered government of often contradictory mandates and goals. The actors involved, in other words, do not directly confront political conflict, but circumvent it through "state building" exercises in which the "winners" gain power and the "losers" maintain their trappings. Haggard examines an important case of state building in the Reciprocal Trade Agreements Act of

1934. In that case, state officials, prompted by the need to match the bilateral negotiating abilities of their European counterparts, effectively transferred tariff-setting authority from Congress to the Department of State, an institutional change necessary for the successful pursuit of the more liberal trade policy desired by Secretary of State Cordell Hull and other executive branch officials. Congress retained its ultimate authority over trade policy by stipulating that the executive's negotiating authority would have to be renewed every three years, but state officials were, nonetheless, able to achieve their aims.

Second, the state is situated at the intersection of the domestic and international political economies and is the principal national actor charged with the overall conduct of defense and foreign affairs. This unique position of the state gives executive officials a special legitimacy in the formulation and implementation of foreign economic policy that they lack in other, more "domestic" areas of public policy. As a result, state officials can redefine previously domestic issues as foreign policy issues, thereby legitimating a larger policymaking role. This strategy is seen most clearly in Lake's discussion of tariff policy in the early 1890s and Ikenberry's analysis of energy policy in the 1970s. Moreover, as Mastanduno's examination of the East–West trade case shows, if trade issues are judged to be of direct national security significance, state officials are likely to enjoy even greater authority. Officials can also use their unique position to enter into transnational coalitions, and thereby alter the stakes and outcome of political debate. Again, Lake finds this strategy effectively pursued in the case of reciprocity in 1890, and it plays an important role in Ikenberry's explanation of the successful passage of oil decontrol legislation. Mastanduno also finds that state officials entered into an alliance with the West Europeans to constrain Congress' more restrictive view of East–West trade issues.

Finally, state officials can mobilize otherwise inactive societal groups, with interests that complement their own, into the policy arena to offset their political adversaries. Since the structure of private interests facing the government tends to be somewhat fluid, it can itself become an object of political struggle. All actors, of course, can seek to mobilize public support for their goals. However, state officials often have an advantage in such a struggle; since, typically, they are less often identified with parochial interests, they can claim with greater justification to speak for the nation-state as a whole.

If state officials can enhance their influence in the political process by mobilizing societal groups, altering the structure of state institutions, and effectively utilizing their position as the principal makers of foreign policy, the cases in this volume also identify several conditions that limit the influence of state officials. Examining the standoff between the economic nationalists and internationalists in the 1920s and 1930s, Frieden emphasizes the difficulties of state action when societal actors are stalemated. Unable to mobilize greater support for a more liberal policy, state officials were forced to settle for a confused mix of mercantilist and liberal foreign economic policies that satisfied no one. Similarly, Mastanduno demonstrates how the pursuit of many complex objectives can create state "weakness." Torn between the desire to strengthen the Western alliance and the emerging system of free trade on the one hand, and the desire to limit the economic capability of the Soviet Union on the other, state officials were forced to acquiesce in Western Europe's preference for a less restrictive East–West trade policy. In both cases, state officials were stymied and their influence undermined.

Conclusion

While there does exist substantial divergence among the articles, a common theme emerges in most, if not all, of them. Specifically scholars need to rethink the role of the state when explaining foreign economic policy. This rethinking would enhance system-centered approaches, since it is the state that translates the constraints and opportunities of international structures into foreign economic policy. It would improve society-centered explanations, since state officials and institutions can shape the nature and role of interest groups in the policy process. Finally, moving beyond the general conception of the United States as a weak state, and examining more contextually the ways in which the state can have an impact on policy, would enhance state-centered explanations.

Following a conceptual contribution by Joanne Gowa, the remaining case studies in the volume are organized chronologically, beginning with David Lake's explanation of pre-World War I tariff policy, and concluding with Judith Goldstein's account of current trade policy. A concluding chapter by John Ikenberry returns to the themes raised in this introduction, and seeks to develop more fully the institutional approach to explaining American foreign economic policy.