Winter 1985 Volume 39 Number 1 ISSN 0020 8183 $5.00

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International Organization

Sponsored by the World Peace Foundation
Edited at Cornell University
Published quarterly by The MIT Press

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International Organization is published quarterly, Winter, Spring, Summer, and Fall by The MIT Press.

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ISSN 0020–8183

International Organization
Volume 39, Number 1, Winter 1985

Articles

Research Note

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Abstracts

The empire strikes back: the transformation of the Eastern bloc from a Soviet asset to a Soviet liability
by Valerie Bunce

The structure of the Soviet bloc would appear to be ideal for the maximization of Soviet domestic and foreign interests. The actual ledger of Soviet gains and losses from control over Eastern Europe, however, reveals a different picture. Over the postwar period Eastern European contributions to Soviet national security, economic growth, and domestic stability have declined. This decline in the value of empire to the Soviets is a function of three factors. The first is growing regime-society tensions in Eastern Europe as a result of East Europe's dependence on the Soviet Union and the derivative structures of its Stalinist political economies. The second is the Soviet role within the bloc as a political and economic monopoly and monopsony. And the third is the unexpected costs, both to the Soviet Union and to Eastern Europe, that attended the bloc's reunion in the early 1970s with a global capitalist system in crisis.

Sovereignty en garde: negotiating with foreign investors
by Dennis J. Encarnation and Louis T. Wells, Jr.

Governments must choose between general policies and individual negotiations to reach agreements with foreign investors. General policy leaves nothing to be negotiated. But once negotiation is selected, governments face difficult choices over how to conduct negotiations. No single choice of organizational structure or administrative process is optimal for all countries or for all industries. Each organizational choice carries a range of economic and political costs and benefits that are valued differently by the domestic and foreign interests affected by the negotiation's outcome. Interviews with government officials in four Asian countries and corporate executives in four industries, all involved in international business negotiations between 1978 and 1982, demonstrate that different governments should and do choose different approaches to negotiating with foreign firms. Even single countries use different approaches at different times and with different industries. Moreover, the managerial choices of structure and process are not random. Rather, they are influenced by a government's general strategy toward foreign investment, the "political salience" of a given investment, and the degree of competition among countries for a specific investment. Ultimately, a government's management of international business negotiations shapes its effectiveness in negotiating with foreign firms and in competing for foreign investment.

The political economy of international shipping: Europe versus America
by Alan W. Cafruny

The political challenge to the post–World War II order in shipping has been issued in the context of the North-South debate, but American power and interest are central to current developments. In the bulk and tanker sector the United States retains a strong interest in stability and successfully defends the existing order. In the liner sector, on the other hand, the United States has participated in recent assaults on the postwar order, producing great tension between Europe and America. There is a strong correlation between this growing maritime conflict and the political processes anticipated by the general theory of hegemonic stability. But "hegemony" and "power" are distinct concepts. Instability in international shipping arises neither from America's loss of power in shipping nor from challenges from Europe and the Third World. Rather, instability reflects American attempts to establish a closer identity between the existing regime and short-term national interest.

Integrative and cooperative regionalism: the Economic Community of West African States
by Julius Emeka Okolo

The Economic Community of West African States (ECOWAS), the most recent effort at regional integration in the Third World, is the first potential success for such endeavors among less developed countries (LDCs). Deficient in some of the neo-functional variables of regional integration, ECOWAS differs from similar LDC groupings. Its formation was the result of high-level political support. The terms and provisions of its treaty create a harmonious political environment for cooperation, and the community has so far been free of the conflicts that destroyed several similar LDC ventures. A quasi-supranational secretariat serves as a vanguard of integration by insulating technical issues from the politics of national interest. Nigeria, the major subregional actor, endeavors to make side payments (despite its economic difficulties), and a more conducive international environment has accompanied the changed attitude of France, the principal extraregional actor, from opposition to support. Despite some contrary forces, ECOWAS may become the Third World's first success in integration.

Toward a business-cycle model of tariffs
by Giulio M. Gallarotti

A modified interest-group model links movements in tariffs to changes in the level of economic activity within nations. This model is introduced and tested for tariff behavior in the 19th and early 20th centuries in three nations: the United States, Great Britain, and Germany. Empirical analysis lends strong support to the model's central thesis, that tariffs are sensitive to movements within a business cycle. Tariff changes occurring in the three nations, with the exception of British tariff increases, generally conform to the expectations of the model. Furthermore, business-cycle sensitivity provides an explanation of the behavior of tariffs superior to two prominent alternatives, those based on ideology and on hegemonic stability.