

## **U.S. STATECRAFT IN A UNIPOLAR WORLD**

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## **U.S. Statecraft in a Unipolar World\***

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To understand the vicissitudes of U.S. statecraft in the post–Cold War era, the international distribution of power is largely irrelevant. Because a preponderance of power translates into freedom of action, American primacy implies that how policies play in Peoria will loom larger in the minds of policymakers than how they play in Paris. The lack of international constraints, in other words, translates into greater salience for domestic constraints.<sup>1</sup> No longer able to appeal to the necessity of responding to international pressures, policymakers fall prey to the clamor of domestic interest groups. If primacy implies that U.S. domestic politics will largely determine U.S. security and trade strategy, U.S. policymakers may not be able to integrate economics and security in statecraft, that is, adopt trade policies (and economic policies more broadly) that are “subordinated to and supportive of security concerns” (Mastanduno 1998, p. 827; also Kapstein 1999, p. 468; Mastanduno 1997, p. 85). Pressured by the different domestic interests in the trade and security policy realm, U.S. policymakers may be more prone to implement trade and security strategies that work at cross-purposes. This matters because disintegrated strategies run the risk of undermining national security (Posen 1984, pp. 16, 24–25). The main contrast is to the situation during the Cold War, when policymakers could appeal to strategic imperatives to overcome domestic pressures for protectionist trade policies that would have undermined the military alliances constructed to counter the Soviet threat. During the Cold War, the strategic imperative to strengthen military alliances integrated trade and security in U.S. statecraft: American policymakers had at their disposal trade policies and economic policies more broadly that helped cement military alliances crucial to U.S. national security

In analyzing American statecraft in the post–Cold War era, analysts have so far given pride of place to systemic factors.<sup>2</sup> One claim has been that unipolarity both motivates and makes it easier for policymakers in the dominant state to integrate economics and security in statecraft (Mastanduno 1998, pp. 827–828). The argument in this chapter differs by giving analytical primacy to domestic factors. Whether American economics and security will be integrated in statecraft will be a function not of the international distribution of power but of American domestic politics.

More specifically, I argue that U.S. hegemony in both the international military and trade arenas, and the freedom that this gives the United States, imply that the choice of security and trade strategies will be determined in large part by institutional features of U.S. domestic politics,

particularly the number of domestic veto players in the national security and trade policymaking arenas. Moreover, these features will significantly influence the extent to which the security and trade elements of statecraft can be made to work in tandem. The degree of integration, that is, ultimately will depend on the characteristics of the domestic institutional environment facing U.S. policymakers in the national security and trade policy arenas.

Because the number of veto players is higher in the trade arena than in the security arena, we should expect more policy stability in the former than in the latter. That is, trade strategy is likelier to remain close to the status quo established during the Cold War. Accordingly, trade policy will remain largely multilateral—that is, based on “‘generalized’ principles of conduct ... which specify appropriate conduct for a class of actions, without regard to the particular interests of the parties or the strategic exigencies that may exist in any specific occurrence” (Ruggie 1992, p. 571). Concretely, trade policy will focus on preserving and extending the reach of international rules and regulations embodied in the WTO.

The U.S. commitment to free trade and multilateralism, however, has been tempered by a simultaneous commitment to “fair” trade policies designed to protect domestic producers against foreign trade as well as policies of redistribution designed to cushion the blow of foreign competition (Goldstein 1988, p. 181). The liberalism of free trade in the post–World War II era was an “embedded liberalism” in which multilateralism would go hand in hand with domestic interventionism (Ruggie 1982, p. 393). Even during the Cold War, in other words, the U.S. commitment to multilateral free trade was never absolute. Deviations from the status quo in the post–Cold War era should therefore be looked for not so much in the occasional capitulations to the clamors for protection as in an abandonment of multilateralism in favor of bilateral and regional trade agreements.

The number of veto players in the security arena, in contrast, is small enough that the choice of strategy is likely to be determined by factors idiosyncratic to particular presidential administrations.<sup>3</sup> Security strategy is for this reason likelier to deviate from the status quo and thus exhibit relatively less stability than trade strategy. Specifically, abandoning the status quo in favor of a unilateral strategy<sup>4</sup> would mean that the United States would exhibit a greater “tendency to *opt out* of a multilateral framework (whether existing or proposed) or to *act alone* in addressing the particular global or regional challenge rather than choosing to participate in collective action” than it did, say, during the Cold War (Malone and Khong 2003, p. 3; emphasis in the original). While the United States might appreciate political and military support from others, that is, it would not be willing to sacrifice much to acquire it, nor would a lack of support fundamentally change its policies. Prompted in large part by the war on terrorism and the

perceived need to be able to launch preemptive or preventive attacks, U.S. unilateralism also manifests itself in a reluctance to abide by long-standing international norms such as sovereignty and self-defense (Ikenberry 2002, esp. pp. 51–54).<sup>5</sup>

As many have pointed out, one should not exaggerate the distinction between multilateral and unilateral policies. Strategies often combine both multilateral and unilateral elements, leading to such appellations as “ambivalent multilateralism” and “inconsistent multilateralism” (Malone and Khong 2003, p. 3; Patrick 2002, pp. 1, 13; also Nye 2001/02, p. 6; Nye 2003, p. 64). Some deny that unilateral strategies are even possible, claiming that the choice is really between different kinds of multilateral strategies (Zelikow 2003, pp. 24–25). With these caveats in mind, the definitions of unilateralism and multilateralism are nevertheless useful in characterizing strategies as more or less unilateral, more or less multilateral.

The greatest obstacle to integrating economics and security in U.S. statecraft is the expected lack of stability in security affairs. If national security policies are likely to shift with changing presidential administrations, then integration will become more difficult. Nevertheless, although the loose international constraints and the differential domestic constraints facing American policymakers in the trade and security arenas may lead one to expect disintegration, things are not so simple. Combining unilateral security policies with multilateral trade policies does not necessarily preclude the integration of trade and security in statecraft. Indeed, if, as U.S. Defense Secretary Donald Rumsfeld has argued, the mission determines the coalition, then a trade policy oriented toward strengthening the WTO—and thus implicitly emphasizing nondiscriminatory trade policies—would seem to be the trade policy best suited to keeping U.S. options open and coalition partners available as the nature of the mission changes.

The discussion proceeds as follows: The next section makes the case that the current international system is unipolar. This is followed by a section arguing that unipolarity can be expected to last for decades. This discussion is necessary because the longer unipolarity can be expected to last, the greater the freedom afforded American policymakers and the more important domestic institutional factors should be in shaping American statecraft. The third section takes a closer look at the primacy of domestic political considerations in determining the foreign policies of the dominant power. This section also maintains that the war on terrorism has not restored structural constraints to the importance they had during the Cold War. The fourth section outlines the theory of veto players and discusses its implications for both security and trade strategies. This is followed by two sections discussing, respectively, U.S. security strategy and U.S. trade strategy and the extent to which they can be said to have deviated from the status quo established during the Cold War. A final section briefly considers theoretical and policy implications.

## **The Current International System Is Unipolar**

Most scholars, it seems, agree that the post–Cold War international system should be characterized as unipolar, with the United States as the dominant power. As would be expected when the discussion turns to how to assess distributions of power, however, there are dissenters. Samuel Huntington (1999, pp. 36–37) believed as late as 1999 that the current system is “unimultipolar,” by which he meant that the current system has one superpower with the capacity to project its power and interests globally and several major powers with the ability to project their power and interests regionally. Whereas the United States can veto international action, it is not able to settle key international issues without cooperation from others.<sup>6</sup> Kenneth Waltz argued in 1993 (1993, p. 52) that “bipolarity endures but in an altered state,”<sup>7</sup> but he has since changed his mind, now believing that “Upon the demise of the Soviet Union, the international system became unipolar” (Waltz 2000, p. 27).

John Mearsheimer offers perhaps the most carefully reasoned attack, not just on the notion of U.S. dominance, but on the notion of dominance or hegemony generally. Mearsheimer argues that the “stopping power of water” makes it impossible for any state to achieve global hegemony.<sup>8</sup> By limiting the ability to project military power, oceans constitute the main barrier to any state seeking to achieve global hegemony. Regional hegemony, though not easy to achieve, is, however, possible. The United States provides the only example of a regional hegemon in modern history, indicating how difficult even regional hegemony is (Mearsheimer 2001, pp. 41, 83–84). Still, while the oceans and distance more generally may limit the ability of the United States to project power, it does not therefore follow that the United States is not a hegemon and the current system not unipolar. Evolution in technology may already have made distance as well as oceans largely irrelevant, opening for the possibility of a global hegemony that rests on conventional and not just nuclear weapons. It would seem preferable to allow for this possibility than simply to rule it out more or less by definition as Mearsheimer does.

Denying that power is (completely) fungible, others have argued that it makes no sense to speak of American hegemony except in military affairs. In economic affairs such as international trade and “antitrust matters,” they maintain, the distribution of power is multipolar. We know this because in economic affairs, the United States cannot achieve the outcome it wants without cooperation from the European Union (EU) and, perhaps to a lesser extent, Japan (Nye 2002, pp. xiii, 4–5, 30–31, 38–39; 2003, p. 65). But this is only true if we assume that the United States will continue to prefer a multilateral trading system organized around the WTO. Were the United States to choose to focus its energies on bilateral or regional strategies such as the development of

a free trade area of the Americas, it is much less clear that the United States needs the cooperation of the EU and Japan.

In any case, to avoid tautology, we need some measures of relative economic capabilities. Unsurprisingly, the picture here is somewhat mixed, making firm conclusions about the nature of polarity difficult. Add to that the inevitable arbitrariness regarding how dominant the United States would have to be for the economic realm to be characterized as unipolar and it is no wonder analysts disagree.<sup>9</sup>

The United States in 1999 had a GDP almost equal to that of Japan, Germany, France, Britain, Russia, China, and India combined (Nye 2002, p. 37, table 1.2).<sup>10</sup> As a percentage of world product, the American share in 1997 was approximately 21 percent. Since 1970, this percentage has slowly declined from 23.8 percent in 1970, to 22.3 percent in 1980, and 22 percent in 1990. In comparison, China's share in 1997 was 11.7 percent, Japan's 8.1 percent, Germany's 4.8 percent, India's 4.1 percent, France's 3.5 percent, the United Kingdom's 3.3 percent, and Russia's 1.7 percent (Central Intelligence Agency 1998, table 1).

If we consider the proportion of world trade—exports plus imports—accounted for by the United States, the picture is again mixed.<sup>11</sup> A lot depends on whether we treat the European Union (EU) as an actor or instead consider individually the great power members of this union, namely France, Germany, and the United Kingdom. As table 1 shows, if the EU is a relevant actor, then by this measure the EU is the hegemon, accounting for approximately 35–37 percent of world trade, more than twice that of the United States and far more than even the United Kingdom at its peak in the 19<sup>th</sup> century.<sup>12</sup>

In other words, we don't have multipolarity in economic affairs; we have unipolarity, albeit with the EU as the dominant power. This means that those who argue that in international trade the world is multipolar do not in the end believe that the EU should be treated as an actor (at least not on a par with nation-states).<sup>13</sup> If the EU is not the relevant actor, in contrast, then the United States either is the hegemonic power or it comes close to being so. Its 15 percent of world trade is almost twice that of number two, Germany.<sup>14</sup> Moreover, the 6.7 percent difference between number 1 and number 2 is greater today than it was in 1960. Then the United States accounted for 15.3 percent of world trade and the United Kingdom, the number 2, accounted for

**Table 1. Proportion of world trade, 2001 (percentage)**

Country	Proportion <sup>a</sup>	Proportion <sup>b</sup>
China (excluding Hong Kong and Macao)	5.1	3.7
China (including Hong Kong and Macao)	7.0	6.9
India	0.8	0.8
Japan	5.8	6.0
Russia	1.3	1.0
United States	15.1	15.3
France	5.0	5.2
Germany	8.4	8.5
United Kingdom	4.8	4.7
European Union	35.4	37.0

Source: International Monetary Fund, *Direction of Trade Statistics Yearbook, 2002* (Washington, D.C.: International Monetary Fund

<sup>a</sup> Calculated using exports and imports of the world to and from the respective countries

<sup>b</sup> Calculated using exports and imports of the respective countries to and from the world

9.6 percent, a difference of 5.7 percent.<sup>15</sup> In short, it seems reasonable to argue that at least with respect to international trade, the structure is unipolar with the United States as the hegemon.

Despite the somewhat mixed and ambiguous data on relative economic strength and size, then, in the end it seems difficult to disagree with Brooks and Wohlforth (2002, p. 21) when they argue that “If today’s American primacy does not constitute unipolarity, then nothing ever will.”<sup>16</sup> Besides being the dominant military power, the United States is also the dominant power in technology, economic affairs, and geopolitically, and with the exceptions noted above, its dominance in this regard is unprecedented in modern international history (Wohlforth 1999, esp. pp. 7, 13).<sup>17</sup>

Next, I discuss how long unipolarity will last. This issue is important because, if unipolarity is but a fleeting moment in history and policymakers realize this, they would presumably immediately start preparing for unipolarity’s aftermath, thus blunting its effects on

policy. Put differently, if unipolarity is here today but gone tomorrow, the United States would remain constrained by the international system. This would undermine my argument that to understand U.S. grand strategy we need to pay close attention to domestic institutional constraints instead.

### **How Long Will Unipolarity Last?**

While most scholars agree the current system is unipolar, there is less consensus on how long unipolarity will last. Moreover, to some analysts, the duration of unipolarity is largely structurally determined, whereas to others, duration depends in part on the policies the dominant power, in this case the United States, will adopt. For these latter analysts, the dominant power can preserve its dominance by adopting policies designed to reassure and engage potential claimants to the position as hegemon. I discuss these viewpoints in turn.

Some believe unipolarity will last but a moment. Huntington (1999, p. 37; also Joffe 1995), for instance, maintains that unipolarity was but a flash in the pan, briefly discernible during the first Gulf War before giving way to a uni-multipolar systems expected to last one or two decades. Christopher Layne (1993, p. 7) predicted in 1993 that the unipolar moment would quickly fade away and give way to multipolarity between 2000 and 2010.<sup>18</sup> Uneven growth rates have made it possible for other powers to catch up with the United States. In a unipolar system, Layne argues, there is “overwhelming” pressure on “eligible” states—in the current system Germany and Japan—to increase their relative capabilities to avoid being taken advantage of by the hegemon. All that seems to remain before the era of unipolarity can be declared over is for Germany and Japan to emulate the United States and “acquire the full spectrum of great power capabilities, including nuclear weapons” (Layne 1993, pp. 11, 37). So far, the evidence that Germany and Japan are acting in the way Layne predicted seems thin, however (Mastanduno 1997, p. 58).<sup>19</sup> On the whole, one gets the impression that scholars such as Huntington, Layne, and Waltz move too quickly from the claim that states should want to change unipolarity to the conclusion that they either have or will quickly acquire the ability to do so (Wohlforth 1999, p. 34). As the old saying reminds us, “wishing it were so does not make it so.”

Others predict that unipolarity will last much longer. In the absence of a precipitous economic decline on the part of the United States, Krauthammer (1991, pp. 24, 26; also 2002/03, p. 17) argues, the unipolar moment is expected to last three or four decades. Wohlforth agrees, arguing that only differential growth in power or the emergence of the European Union as a state can end the era of unipolarity.<sup>20</sup> Other realists, focusing on threat rather than power, reach similar, albeit more contingent, conclusions. How long unipolarity will last, they argue, will be a function



of the particulars of U.S. policy and the cleverness of its diplomacy. The United States, if it plays its cards right and pursues policies designed to engage and reassure other powers, can transform the unipolar moment into a unipolar era (see, in particular, Mastanduno 1997, esp. pp. 86–88; Krauthammer 2002/03, p. 17).

On balance, the evidence would seem to favor those who argue that unipolarity can be expected to be more than a fleeting moment (Posen 2003, pp. 5–6). How long it will last, no one can say. This is particularly so if its durability is contingent on the acumen of U.S. policymakers. It should also be noted that the discussion over how long unipolarity will last ignores U.S. domestic politics. As the dominant power in a unipolar system, the United States is essentially unconstrained by the international system. Thus, whether the United States will play its cards right and transform the moment into an era will depend to a significant extent on U.S. domestic politics.

### **Unipolarity and the Lack of International Constraints**

The power disparities between the hegemon and the other states give the hegemon great freedom to pursue its most preferred policies (Mastanduno 1997, p. 55). Wohlforth (1999, p. 8; also Brooks and Wohlforth 2002, pp. 30–31) contends that American preponderance of power means that “the United States is freer than most states to disregard the international system and its incentives.” “[I]n a unipolar setting the dominant state,” Michael Mastanduno (1997, p. 88) argues, “less constrained by other great powers, must constrain itself.” Although he agrees with Huntington that the international system is “uni-multipolar,” Josef Joffe (1995, pp. 99, 101) likewise maintains that the strategic environment in which the United States finds itself is “ultra-permissive.”

The emergence of terrorism as a strategic threat in the wake of September 11, 2001, has not fundamentally changed this environment. Whereas the threat is serious enough, its emergence has not changed the unipolar structure of the international system nor will it undermine continued American hegemony (Walt 2001/02, p. 64). Because the underlying structure has not changed, the war on terrorism has not fundamentally altered U.S. statecraft. If anything, “the war on terrorism has confirmed American primacy in an altogether compelling manner” (Tucker 2002, p. 7; see also Joffe 2002, p. 17) and reinforced the unilateralist aspects of U.S. foreign policy (Kupchan 2002, pp. 27–29). The empirical record so far seems to bear out this argument.

Coalitions to fight terrorism may be needed, but they will not be allowed to constrain American policy. Supporting this interpretation is U.S. Defense Secretary Donald Rumsfeld oft-quoted statement, made in a television interview with Larry King, that the “mission determines

the coalition.” In that interview, broadcast on December 5, 2001, Rumsfeld observed that “Dozens and dozens of countries are helping with overflight rights, with landing rights, with intelligence gathering, with law enforcement, with freezing bank accounts, with supplying troops in some cases and supplying aircraft and ships in other places.” But when asked “whether it was very important that the coalition [against al-Qaeda] hold,” he replied, perhaps somewhat cavalierly, “No.” He went on to elaborate:

First of all, there is no coalition. There are multiple coalitions. ... Countries do what they can do. Countries help in the way they want to help. ... And that’s the way it ought to work. I’ll tell you why. The worst thing you can do is to allow a coalition to determine what your mission is. The mission has to be to root out the terrorists. It’s the mission that determines the coalition. So it’s what element of that task do countries want to help with, and that then is the coalition .... (Rumsfeld 2001)

This view was echoed in U.S. Secretary of State Colin Powell’s (2002; also Tucker 2002, p. 5) observation in an interview in June 2002 that “we knew [the coalition against terrorism] would be a fluid coalition. It would have three pieces to it ... or it might be a floating coalition. Or as Don Rumsfeld said on a number of occasion [sic], it might be a coalition of coalitions that are constantly shifting and, shifting and changing as the needs shifted and changed.” In short, U.S. policymakers seem to have concluded that the floating coalitions required to fight terrorism implies that “No particular ally is an indispensable element of any coalition” (Goodin 2003, p. 123; also Mandelbaum 2002, p. 68).

If the mission determines the coalition, then efforts to build more permanent and lasting coalitions are counterproductive. This is a completely different assessment from that prevalent during the Cold War and it is therefore no wonder that a return to post-war liberal multilateralism in security affairs has not (yet) taken place. Nor, as long as U.S. policymakers continue to emphasize fluid coalitions, would we expect to see trade discrimination in favor of allies become an important strategic instrument in the war on terrorism the way it did during the Cold War. Indeed, to the extent that trade is a useful strategic instrument, the emphasis on shifting coalitions should lead us to a continued move away from discriminatory trade. This is because preferential trade concessions typically come at the expense of other countries, thus creating tension with those countries and making more difficult the establishment of the shifting coalitions needed to fight terrorism.

One consequence of the unprecedented freedom enjoyed by the United States is indeterminacy of policy (Joffe 1995, p. 99). Even some of those who agree that the United States

has considerable freedom in formulating foreign policy, still have not fully come to terms with the implications of their analysis. If it is true that for the United States “anything goes” (Joffe 1995, p. 99), then an explanation of U.S. foreign policy that relies exclusively on systemic-level theories such as balance-of-power theory or balance-of-threat theory<sup>21</sup> will necessarily be indeterminate.

U.S. security strategy after the Cold War has been largely consistent with balance-of-threat theory, Mastanduno (1997, p. 85) argues, whereas its economic strategy is more consistent with balance-of-power theory. The loose constraints of unipolarity explain why the two strategies have diverged. He also observes that “taken together, [the two theories] point to an important tension within overall U.S. strategy” (Mastanduno 1997, p. 85). But because both theories in the end rely on the level of threat (structural constraints) to derive propositions about state behavior, neither theory has much to say about behavior when the constraints are as loose as they currently are for the United States. It is thus no surprise that neither theory can explain the alleged tension in U.S. statecraft, or, for that matter, the opposite, namely a lack of tension U.S. statecraft.<sup>22</sup>

It should be noted that Mastanduno (1998, p. 827) has also argued in an apparent contradiction that because a unipolar structure “tempts” the dominant state to try to stay top dog, the dominant state is “motivated” to integrate economic and security strategies. If no potential challenges to hegemony loom on the horizon, however, only dominant powers with very long time horizons would seem to have the proper motivation to integrate economics and security. In the absence of looming challengers, it is unclear whether the dominant state will adopt a long time horizon and focus on distant payoff or a short time horizon and focus on more immediate gratification. This is a question of which decision criterion states will adopt, and on this question, structural theory is indeterminate. When structure is ambiguous, domestic politics will in the end determine which decision criterion states will adopt (Stein 1990, p. 202, *passim*). To get a handle on U.S. security strategy in a unipolar world, therefore, we need to come to terms with the main implication of the freedom of maneuver afforded by unipolarity, namely the increased importance of domestic politics.<sup>23</sup>

### **Unipolarity and Domestic Politics**

Given the loose constraints of the international system, systemic imperatives will be of little help in explaining U.S. statecraft. Understanding unipolar statecraft requires that we pay attention to domestic politics, particularly the domestic politics of the dominant power, the United States. Toward that end, I rely on some simple insights derived from the theory of veto players (see, in particular, Tsebelis 1995; Shugart and Haggard 2001; Cox and McCubbins 2001; and

Tsebelis 2002).<sup>24</sup> For my purposes, the main advantage of the theory of veto players is that it allows us to derive predictions about the degree to which policies will remain stable in both in the security and trade arenas and thus to say something about the overall integration of economics and security in U.S. statecraft. Other theories of domestic politics either focus on security or trade policy, typically having little to say about policymaking in other policy areas. Consequently they have little to say about how policymaking might differ in the two issue-areas (see, e.g., Snyder [1991]).<sup>25</sup>

Next, I outline the theory. I then discuss how the number of veto players influences policy stability in the security and trade policy arenas, respectively.

### The Theory of Veto Players

The theory of veto players is designed to explain policy stability, defined as the “impossibility for significant departures from the status quo” (Tsebelis 2002, p. 2).<sup>26</sup> A veto player “is a person, group, or faction who, through their control of an office, post, or branch of government, can reject any proposed changes to existing policy” (Haggard and McCubbins 2001, p. 5n10). The greater the number of veto players, the greater is policy stability, that is, the more difficult it is to change existing policy (the status quo). The reason is that a large number of veto players makes it more difficult to agree on a policy that offers enough value to the each of the players (Cox and McCubbins 2001, p. 27).

In cases where decision-making is delegated to one individual player, policy will reflect this player’s preferences or ideal point. When the decision-maker’s preferences change, or when he is replaced by another decision-maker with different preferences, so does policy (Tsebelis 1995, p. 295). This has an important consequence: In a situation with more than one veto player, if the veto players share the same preferences, the *effective* number of vetoes reduces to one (Cox and McCubbins 2001, p. 26). Accordingly, the more preferences differ among veto players, the greater policy stability will be (Tsebelis 2002, p. 2).

There are two kinds of veto players, institutional and partisan. The former are defined as such by the constitution, the latter by the political system (the party system and government coalitions). In the United States, there are generally speaking three institutional veto players—the President, the House, and the Senate.<sup>27</sup> Examples of partisan veto players are the members of a government coalition in Western Europe (Tsebelis 2002, p. 2; 1995, pp. 302, 304–305). For an actor to count as a veto player, minimally two conditions must be satisfied: first, the actor must be an actor capable of collective action, and, second, the actor must have a veto.<sup>28</sup>

The number of veto players can, however, vary by issue (Tsebelis 1995, pp. 306–307). As Randall B. Ripley and James M. Lindsay (1993, p. 19) argue, foreign and defense policy is “not a single, undifferentiated area.” They propose that foreign policies fall into three general categories—crisis, strategic, and structural—and that the relative power of Congress, and by extension the number of veto players, varies across these policy types. Presidential power, they argue, is at a maximum in crisis situations. The President retains substantial power in strategic policy, that is, the specification of the “goals and tactics of defense and foreign policy,”<sup>29</sup> although his influence here is not as great as in crisis situations. The President is weakest in structural policy, or policies governing how resources are used (Ripley and Lindsay 1993, pp. 19–20). Such policies require appropriations, giving Congress relatively great influence (Ripley and Lindsay 1993, pp. 21–22). Ripley and Lindsay (1993, p. 21) also note that many policies fall into more than one category. For instance, trade policy involves both a strategic (preference for free trade or protectionism) and a structural element (maintaining quotas on various goods). Defense policy, they argue, is similar.

With these distinctions and caveats in mind, I now turn to a discussion of the number of institutional veto players in security policy and trade policy, respectively. I argue that the number of veto players in the trade policy arena is greater than in security policy; hence, trade policy will generally be stabler than security policy. That is, we should see greater changes in security policy (shifts in the status quo) after the end of Cold War than in trade policy. In other words, unipolarity indirectly—by increasing the importance of domestic institutional factors—decreases policy stability in the security arena but not in the trade arena.

### **Unipolarity and Security Policy**

The Constitution designates the President as the commander in chief of the armed forces, but Congress alone has the power to “declare war,” to “raise and support Armies,” and to “provide and maintain a Navy.” Nevertheless, in foreign affairs, despite occasional Congressional attempts to rein in the executive branch, decision-making is nowadays typically formally delegated to the President and the executive branch.<sup>30</sup> Since the presidency of Harry Truman, there has been a broad expansion of executive prerogative in foreign affairs through a reinterpretation of the constitution. According to this interpretation, “in foreign affairs the president alone has final authority, and when the national security was imperiled (a judgment left to the executive) the president was legitimately entitled to override constitutional constraints to preserve and protect that security” (Silverstein 1997, p. 9). As Gordon Silverstein (1997, p. 214) argues, this reinterpretation “increasingly has been accepted by Congress and the Supreme Court”

and “been adopted in law and enshrined in precedent.” True, Congress and others may continue to informally influence foreign policy and there may even be evidence that such informal influence has increased in recent years. Nevertheless, executive prerogative means that the President is more likely to prevail in disputes between the two branches over policymaking authority (Silverstein 1997, pp. 14–16).<sup>31</sup>

With the increasing acceptance in the courts of the executive prerogative doctrine, it seems reasonable to argue that in crisis and strategic decision-making only the executive possesses a veto. It should, however, be noted that because treaties require the consent of the Senate, the number of veto players in this context is two. Moreover, on trade policy, the President still needs the approval of Congress, making the number of veto players in trade policy three rather than one. Matters are also different in structural policy where Congress can use its power of appropriations to veto executive proposals.

Nevertheless, this discussion implies that U.S. strategic policy will largely reflect the President’s preferences. The end of the Cold War and the emergence of a unipolar world did not change this state of affairs, although U.S. military dominance may have shifted the President’s preferred policies. The absence of a threat *and* the absence of domestic constraints mean that the President is free to choose between, broadly speaking, unilateral and multilateral security strategies.<sup>32</sup> Equally important, in the absence of an international threat, the general direction as well as the particulars of strategic policy are likely to change when the President is replaced. The status quo, in other words, will reflect the new President’s preferences. In the absence of either systemic or domestic constraints, security policy will likely reflect largely idiosyncratic factors such as ideology, bureaucratic politics, and the particular mix of personalities in the administration.<sup>33</sup> In short, as long as we find ourselves in a unipolar system, shifts in U.S. security policy will take place both within and particularly across administrations to reflect differences in the President’s preferences.

#### From Multilateralism to Unilateralism in U.S. Security Policy

George W. Bush’s foreign policy has been consistently unilateral, marking a shift from the largely multilateral foreign policies pursued during Bill Clinton’s two terms in office. Bush’s foreign policy has shown a greater tendency to opt out of multilateral frameworks and a greater willingness to act alone than was the case during the Clinton administration.<sup>34</sup> Moreover, this tendency characterized Bush’s foreign policy both before and after September 11, 2001.

Nevertheless, analysts have pointed to unilateral elements in Clinton’s foreign policy (Schlesinger 1998/99, p. 38), some going as far as to argue that the “defining essence” of

Clinton's foreign policy was the unilateral exercise of power (Walt 2000, p. 77). Others have failed to see any essence at all, complaining that Clinton's foreign policy lacked an "overall perspective" and therefore "degenerate[d] into tactical manipulations" (Hyland 1999, p. 203). One assessment of the "evolving" grand strategy of the Clinton administration, as found in the 1996 document *A National Security Strategy of Engagement and Enlargement*, found an "uneasy amalgam" of no less than three strategies, namely selective engagement, cooperative security, and primacy." The "dash of primacy" giving unilateralist piquancy to the strategy was discernible above all in the many references to the need for U.S. leadership and in the emphasis on maintaining an ability to deal with threats not just multilaterally, but also unilaterally. In other respects, however, the document called for strengthening international institutions and relying on multilateral solutions in areas such as arms control (Posen and Ross 1996/97, pp. 5, 44–45).<sup>35</sup>

Several commentators have also noted policy differences between the first and second Clinton administration. Whereas the doctrine of "democratic enlargement"—with its emphasis on spreading democracy and free markets—that was developed in the first Clinton administration marked an essential continuity with policies pursued during the Cold War (Maynes 1993/94), U.S. foreign policy in the second administration, it is argued, had a more unilateralist bent (Dumbrell 2002a, pp. 48–49; Dumbrell 2002b, p. 282). The conventional view is that this bent reflected Clinton's inability to overcome opposition from a Republican and nationalist Congress after the 1994 elections (Dumbrell 2002a, p. 53; Dumbrell 2002b, p. 282). The Senate's constitutional right to ratify treaties in particular stymied Clinton's efforts to commit the United States to multilateral solutions in a number of policy areas. Since these solutions typically required signing new treaties, it gave the Senate veto power over these efforts, and preserved the status quo or policy stability.

Even commentators who claim to notice a more unilateralist thrust to the second Clinton administration's foreign policy, nevertheless see a clear move in the direction of unilateralism with the coming to power of George W. Bush in 2001 (Dumbrell 2002a, p. 53). While pointing to the increasing emphasis on military power in the last years of the Clinton administration, they also note that Clinton's foreign policy during this period was "more multilateral and liberal, and more concerned with international legitimacy" than the strategy adopted by President George W. Bush (Posen 2003, p. 6; also Kupchan 2003b). There is a difference between the Clinton administration's "assertive multilateralism"—and even the later, more pragmatic internationalism embodied in the slogan "multilateral when we can, unilateral when we must"—and the Bush administration's "à la carte" embrace of multilateralism, an embrace that from the very beginning was tempered by the then Bush-foreign-policy-advisor Condoleezza Rice's denial that "the support

of many states—or, even better, of institutions like the United Nations—is essential to the legitimate exercise of power.” U.S. interests, she argued in 2000, should not play second fiddle to the interests of an “illusory international community” (quotes in Patrick 2002, pp. 13–14).

In short, whereas analysts have found considerable ambivalence in the U.S. support of multilateral approaches during the Clinton presidency—encapsulated in the phrase “ambivalent engagement”—they nevertheless see in this ambivalence a contrast to the “growing unilateral disengagement” characterizing the Bush administration’s foreign policies (Patrick 2002; Malone and Khong 2003, p. 4).<sup>36</sup> The contrast between Clinton’s ambivalent engagement and Bush’s unilateral disengagement is evident in a number of policy arenas.

The Clinton administration decided in September 2000 to delay deploying so-called National Missile Defense in part because they need more time to consult with Russia as well U.S. allies in Europe. In announcing the decision, President Clinton argued that “it would be far better to move forward in the context of the [1972] ABM [Anti-Ballistic Missile] Treaty and allied support.” The Bush administration felt differently, simply abandoning the ABM Treaty and formally notifying Russia that it would abrogate the Treaty in December 2001. Similarly, whereas the Clinton administration signed the 1997 Kyoto Protocol to the 1992 United Nations Framework Convention on Climate Change, and attempted to renegotiate some aspects of the Protocol to make it more palatable to a firmly opposed Congress, the Bush administration in March 2001 announced that the United States would retreat from the Protocol (Steurer 2003). Bush’s alternative, embodied in the so-called Clear Skies and Global Climate Change Initiatives, announced in February 2002, was purely domestic in scope, involving no further multilateral initiatives on the part of the United States to control greenhouse gas emissions (Steurer 2003, p. 351).

In July 2001, the Bush administration announced that it would not support a legally binding protocol intended to “promote compliance with” the 1972 Biological Weapons Convention. Once it became clear that the United States would withdraw its support, efforts to negotiate such a protocol, which had started in 1995, were quickly abandoned by the other parties to the negotiations. In contrast, President Clinton strongly supported these efforts, although he did not give the negotiations the kind of attention they needed and the U.S. contribution to the negotiations were consequently limited by bureaucratic infighting (Rosenberg 2001).

Finally, both the Clinton and Bush *filis* administrations had misgivings about the International Criminal Court (ICC), worrying that the court would facilitate politically motivated prosecutions of U.S. nationals for alleged war crimes. Despite misgivings, President Clinton nevertheless signed the Rome Statute that would create the ICC on December 31, 2000, the



deadline for signing. Clinton's argued that signing would put the United States "in a position to influence the evolution of the Court. Without signature, we will not." "The United States," Clinton continued, "should have the chance to observe and assess the functioning of the Court, over time, before choosing to become subject to its jurisdiction." Accordingly, he recommended that his successor not submit the treaty to the Senate for ratification "until our fundamental concerns are satisfied."<sup>37</sup> In contrast, in May 2002, a month after the Rome Statute had received the number of ratifications needed to bring it into force, the Bush administration decided to "unsign" the Rome Statute. Whereas the Clinton administration sought to minimize the risk to U.S. nationals, the Bush administration seems simply to have assumed that this was not possible (Orentlicher 2004, pp. 422–423).

In short, whereas the Clinton administration tried to amend these various multilateral frameworks to accord with U.S. interests, the Bush administration walked away from them (Jervis 2003b, 374). The evidence, then, supports the claim that the Bush administration has moved U.S. foreign policy much closer to the unilateral end of the continuum than was the case during the Clinton administration. Moreover, as evidenced in the decisions to abandon the Kyoto Protocol and the efforts to promote compliance with the Biological Weapons Convention, this shift in policy preceded September 11 and the war on terrorism.

In trade policy, in contrast, there has been no such shift; instead, trade policy has remained close to the status quo. The main reason is that the number of veto players is greater in the trade than in the security policy arena.

### **Unipolarity and Trade Policy**

There are three institutional veto players in the trade policymaking arena, the House, the Senate, and the President. These actors are capable of collective action, and they can veto trade policy. The U.S. Constitution grants to Congress the "power to regulate Commerce with foreign Nations." The President, in contrast, is given no trade-specific power in the Constitution. He can veto trade bills passed by Congress, which in turn can override his veto by a two-thirds majority in both houses.

With the passage of the 1934 Reciprocal Trade Agreements Act (RTAA), Congress delegated tariff-making authority to the President. The 1974 Trade Reform Act instituted a set of so-called fast-track procedures for implementing the trade treaties negotiated by the executive branch. While fast track limits debate and precludes congressional amendment to trade agreements, fast-track procedures still give Congress a veto over executive actions (O'Halloran 1993, p. 288; also Nivola 1997, p. 247). Thus, even if he is granted fast-track negotiating

authority, the President must notify both the Senate Finance Committee and the House Ways and Means Committee that he intends to begin negotiations. Either committee can at that point and within sixty days pass a resolution disapproving the negotiations, in which case fast-track procedures no longer apply. The 1974 act also requires the President, through the United States Trade Representative, to consult with private-sector advisory committees prior to the negotiations and it allows members of Congress to participate in the negotiations as official delegates. The 1988 Omnibus Trade and Competitiveness Act further strengthened the hand of Congress. Congress can decide to repeal fast-track procedures if it decides that the President has not met the requirements for consultation with Congress. If both chambers pass a disapproval resolution within any sixty-day period, the negotiations are terminated (O'Halloran 1993, pp. 290–294). Once a trade agreement is signed it needs to be approved by both the House and the Senate by a simple majority. The bill implementing the trade agreement then goes to the President for signature. In short, despite the changes in tariff-making authority since 1934, both houses of Congress still play the role of veto players, and the number of such players remains three: the House of Representatives, the Senate, and the President.

As noted above, in situations with more than one veto player, if the veto players share the same preferences, the *effective* number of vetoes reduces to one. So while we have established that in trade policy, the number of institutional veto players is three, this says nothing about the effective number of players. Determining the effective number requires a discussion of the preferences of the Representatives, Senators, and the President.<sup>38</sup>

Because these three bodies respond to different constituencies, generally their preferences regarding trade policy are likely to differ. Scholars have argued that the size of a representative's electoral district determines her preferences over trade policy. The smaller the electoral district, the greater the influence of special interests is likely to be, and thus the more protectionist representatives will be (Rogowski 1987, pp. 208–209; Milner 1999, p. 101; Frieden and Martin 2002, p. 133).<sup>39</sup> In the U.S. case, this implies that the House of Representatives will be more protectionist than the Senate, which in turn will be more protectionist than the President.<sup>40</sup>

The President's trade policy preferences may also be derived from strategic considerations. By delegating trade policymaking authority to the executive branch, Stephan Haggard has argued, the 1934 Reciprocal Trade Agreements Act made it possible for the President to place trade policy in the service, at least in part, of broader international economic and political considerations.<sup>41</sup> Although strategic imperatives lead one to expect that the President will favor discriminatory trade policies in which military allies receive preferential access to the U.S. markets, the strategic imperatives of the Cold War facilitated the push towards freer trade

(albeit on a discriminatory basis).<sup>42</sup> With the Cold War threat gone, and the U.S. ability to go it alone in military affairs, strategic considerations may be expected to play a much reduced role in determining the President's preferences on trade policy. Still, because of his national constituency, the President should continue to favor freer trade.

In sum, because the preferences of the House, Senate, and the President are likely to differ, the effective number of veto players in the trade policymaking area is three, making it likely that U.S. trade policy will hew closer to the Cold War status quo than security policy has done. Next I discuss whether trade policy under unipolarity can be characterized as close to the Cold War status quo.

### The U.S. Commitment to a Multilateral Trading System

Although the evidence at this point is somewhat ambiguous, U.S. trade policy before and after the Cold War is characterized by stability. Despite the war on terrorism and the shifts in security strategy, with respect to trade policy, trade policy as it was defined during the Cold War has remained essentially unchanged, that is, policy has remained committed to preserving and strengthening a multilateral trading system centered on the WTO (Nivola 1997).<sup>43</sup> This is so despite the many bilateral and regional trade agreements concluded since the end of the Cold War, which some have interpreted as evidence that the United States is ready to abandon a multilateral trading system. At least if U.S. policymakers are to be believed, this interpretation is wrong. The agreements should be regarded not as attempts to undermine the WTO but rather as efforts to widen its scope.

Scholars who have focused in particular on the first Clinton Administration's emphasis on improving the United States's international economic competitiveness have, however, seen a departure from the Cold War status quo (Mastanduno 1997; Nau 1995). Indicative of this departure are policies such as U.S. demands that allies share in the burden of foreign policy commitments; aggressive promotion of U.S. firms in international competition; demands for market access; and a waning commitment to multilateral free trade. Driving these policies was the fear that the United States was declining relative to its main economic partners (see Mastanduno 1997, pp. 75–80).

In contrast, and consistent with the argument in this section, others fail to see a departure from the status quo. Commercial disputes with the Japanese in the mid-1990s, for instance, find exact parallels in Nixon administration attempts to establish "a more equitable relationship" with Japan. Moreover, the Super 301 and anti-dumping measures embodied in the 1974 Trade Act and the moves in a more protectionist direction during the Reagan Administration in the 1980s were

arguably more severe than anything contemplated by the Clinton Administration and Congress during the 1990s (Nivola 1997, pp. 235–236, 237–239). From this perspective, the Clinton Administration’s emphasis on improving the United States’s international competitiveness represents a continuation and not a departure from the status quo (Nivola 1997, pp. 241–242).<sup>44</sup> Some policymakers have seen departures from the status quo where continuity exists. Confer, for instance, U.S. Trade Representative Charlene Barshefsky’s comment in 1996 that “with the Cold War over, trade agreements must stand or fall on their merits. They no longer have a security component. If we do not get reciprocity, we will not get freer trade” (quoted in Mastanduno 1997, p. 80).<sup>45</sup> This may sound like a departure from the status quo until one recalls similar statements by one of Nixon’s aides in 1971: “In the past, economic interests were sacrificed when they came into conflict with diplomatic interests.” In the future, other countries would discover that, in the words of a cabinet officer, “Santa Claus is dead” (quoted in Nivola 1997, p. 235).

It is also important to put the efforts by various administrations to improve U.S. competitiveness in perspective. While these efforts are in many ways protectionist and lead to conflicts with allies, they remain islands of conflict in the sea of cooperation constituted by the multilateral trading system. Were the U.S. commitment to a multilateral trading system truly to weaken, the case for a departure from the Cold War status quo would be much stronger. There is little evidence that the commitment is weakening, however.

Two essential elements in the status quo are support for freer trade and support for multilateral negotiations through the GATT/WTO to promote free trade. Continued strong American support for freer trade during the rounds of multilateral trade negotiations under the auspices of the GATT/WTO shows that the United States has remained committed to the status quo in trade policy in the post–Cold War era. Although the Uruguay Round negotiations started in 1986 during the Cold War, they were completed only in 1993, that is, after the end of the Cold War. The support for another round of trade negotiations at Doha in 2001 is perhaps the best example of the continuity of the commitment to free trade.

The simultaneous American push to conclude bilateral or regional free trade agreements (FTAs) with other countries means, however, that the evidence for continuity is not conclusive. Many see in the increasing U.S. emphasis on concluding bilateral and regional trade agreements a waning commitment to multilateral free trade.<sup>46</sup> FTAs, involving as they do discrimination against non-signatories and trade diversion, are perceived as incompatible with a commitment to continued liberalization of international trade. For this reason, bilateral and regional trade agreements, instead of paving the way for nondiscriminatory multilateral agreements, are viewed by many as obstacles to such agreements (see, e.g. Gordon 2001; 2003).<sup>47</sup>

In assessing U.S. trade policy, however, much depends on whether we conceive of these FTAs as ends in their own right or, as American policymakers insist, simply as stepping stones on the road to a global multilateral agreement under the auspices of the WTO. If they are regarded as ways for the United States to increase its bargaining power in multilateral trade negotiations, they signify not a waning commitment to multilateral trade agreements but rather a shift in bargaining tactics.<sup>48</sup> At least publicly, U.S. officials both in the Clinton and the Bush *films* administrations have insisted that bilateral and regional efforts will help pave the way for global multilateral trade agreements.

For instance, Jeffrey E. Garten, who served as U.S. Undersecretary of Commerce for International Trade in the Clinton Administration from 1993 until October 1995, argues that unilateral and bilateral means have a multilateral end—the ultimate purpose is to achieve stronger and more enforceable multilateral agreements (1995, pp. 57, 59, 61). When the United States acts bilaterally, as in the case of putting pressure on Japan to open its automotive markets, it does so largely because the issues at stake are beyond the purview of the WTO (Garten 1995, pp. 55–56). Moreover, the bilateral agreement between the United States and Japan that resulted applied to other nations as well.

During the present Bush administration, the United States has continued this strategy, evidently seeking to use regional and bilateral trade agreements to put pressure on the Europeans and the Japanese in particular to complete the Doha Round of trade talks (Gordon 2003, p. 105). Thus, in late 2001 U.S. Trade Representative Robert B. Zoellick wrote that

I believe a strategy of trade liberalization on multiple fronts—globally, regionally, and bilaterally—enhances our leverage and best promotes open markets. As Europeans have pointed out to me, it took the completion of NAFTA [North American Free Trade Agreement] and the first APEC [Asia-Pacific Economic Cooperation] Summit in 1993–94 to persuade the EU to close out the Uruguay Round. I favor a “competition in liberalization” with the U.S. at the center of the network. (Gordon 2003, p. 105)<sup>49</sup>

In a different context the following year, he elaborated on this so-called competitive liberalization strategy:

While I appreciate those economists that are fully committed to the multilateral system, most of them have never had to negotiate anything. And so I firmly believe that a process of trying to have competitive liberalization will enhance our ability to get Doha done. (Blustein 2002c)

The strategy of using bilateral and regional means for multilateral ends thus shows an essential continuity between the Clinton and the current Bush administration. Had the United States abandoned its multilateral trade policy developed during the Cold War, it is not clear why it should have remained committed to global trade negotiations. This commitment preceded 9/11 as evidenced in President Clinton's call for a new round of global trade negotiations in his 1999 State of the Union address. The Bush administration as well pushed for a new round of global trade talks before 9/11 (see, e.g., Lamy and Zoellick 2001), an effort that was crowned with success in November 2001 with the launching of the Doha Round of the WTO. These efforts seem to indicate that the United States remains committed not only to preserving the multilateral trading system but indeed to strengthen it.<sup>50</sup> As the support for a new global trade round suggests, and as I argue in more detail next, the war on terrorism has done nothing to break the essential continuity of U.S. trade strategy.

#### The War on Terrorism and U.S. Trade Strategy

The war on terrorism has not appreciably changed U.S. trade strategy. True, Zoellick explicitly linked trade policy and the fight against terrorism in the immediate aftermath of 9/11 when he argued that "We need an economic strategy that complements our security strategy" (quoted in Mufson 2001, p. A9; see also Bacevich 2002, pp. 232–233). In that regard, he urged Congressional approval of trade promotion authority (TPA) to help the United States gain support from other countries in its fight against terrorism (Zoellick 2001, p. A35; Dionne 2001, p. A25). Still, the underlying strategy has not changed. While the United States has continued its pursuit of bilateral and regional trade treaties, its efforts regarding the launch of the Doha Round suggest that it is still committed to multilateralism. That the terrorist threat has changed trade strategy little is perhaps even more evident with respect to Congress.

Less convinced than Zoellick that combating terrorism required Congress to cede control over trade policy, TPA barely squeaked by in the House of Representatives in December 2001 on a vote of 215-214.<sup>51</sup> Of crucial importance in assuring passage of TPA were signals from the Bush Administration that the steel and lumber industries would receive protection (Blustein 2002a, p. E1). The administration kept its promise in March 2002 when it imposed safeguard tariffs ranging from 8 percent to 30 percent on various steel products for three years from countries such as Russia, an important ally in the fight against terrorism.<sup>52</sup>

The administration's action in this regard is open to at least two interpretations: The first interpretation, especially popular in Europe, regards the administration's decision as motivated by electoral considerations. Steel tariffs would improve President Bush's electoral prospects in

swing states such as Pennsylvania, West Virginia, and Ohio. Add to that the fact that Dick Cheney during the 2000 election campaign promised West Virginia's steel workers that a President Bush would not leave them in the lurch the way Bill Clinton had and the argument for an electoral motivation seems strong. The second interpretation is that the promise to impose tariffs on steel and softwood lumber was necessary in order to ensure passage of the TPA. The lumber tariff, for instance, was motivated by the need to appeal to important senators such as the democrat Max Baucus, Chairman of the Finance Committee under whose jurisdiction trade legislation belongs, and Senate Minority Leader Trent Lott. According to this interpretation, steel and lumber tariffs made possible TPA, which in turn was necessary to ensure that the United States could conclude agreements that in the future would lead to freer trade (Blustein 2002a, p. E1; Romancing Big Steel 2002).

The 2002 U.S. farm bill has likewise been regarded as a major blow to those who want to push for free trade on a multilateral basis. The bill increased federal subsidies by over 80 percent, nullifying the progress made in the 1996 farm bill in moving toward a removal of subsidies in favor of income support (which is less trade-distorting). Although the 2002 farm bill originated in Congress, and although Secretary of Agriculture Ann Veneman proposed unlinking subsidies from production, President Bush still signed it (Dangerous Activities 2002). Some in the Bush administration argue that both the steel tariffs and agricultural subsidies will force other nations to the bargaining table and thus pave the way for future trade liberalization.<sup>53</sup> Consistent with this argument is the fact that the Bush administration followed its acquiescence to an increase in farm subsidies with commitments to sweeping cuts in both farm subsidies and agricultural tariffs if Europe and Japan would follow suit. "We're ready to cut if others step up to the plate, too," Zoellick claimed (Blustein 2002b).<sup>54</sup>

Another explanation for the Bush administration's position is again electoral politics: the farm subsidies were passed with the November 2002 congressional elections in mind. Senate races in farm states such as Iowa, South Dakota, and Missouri were expected to be close, and farm subsidies would help Republicans in those states (Bush the Anti-Globaliser 2002).

Whereas the war on terrorism has done nothing to prevent the passage of protectionist measures, commentators have seen in the bilateral negotiations over free trade areas a clear attempt by the United States to favor its coalition partners, particularly those, such as Australia and Singapore, which supported the United States in the war against Iraq. That is, the war on terrorism has changed the motives underlying the FTAs: these FTAs were concluded not (just) to strengthen the United States's negotiating position in the Doha Round but (also) to cement the political and military ties linking the United States and Australia and Singapore.

In support of the latter interpretation, agricultural interest groups in the United States moderated their opposition to negotiating a free trade agreement with Australia once it became clear to them that such an agreement had become a top priority of a Bush Administration eager to round up support for its war in Iraq. Other evidence, however, suggests that rounding up support for the war in Iraq had little to do with the FTAs with either Singapore or Australia. Thus, Zoellick, in response to Australian pressure for an FTA, had indicated that he personally supported such an agreement well in advance of the war with Iraq (Colebatch 2003; Rushe and Kemeny 2003).

The timing is also wrong in the case of Singapore: the trade talks that led to the signing of the free trade agreement in May 2003 started in late 2000—well before 9/11—and concluded in November 2002, four months before the start of the war with Iraq. In an April 2003 speech at the launch of the United States Asia Pacific Council—an organization backed by the State Department and made up of distinguished American citizens—C. Fred Bergsten of the Institute for International Studies in Washington, D.C. predicted that the United States was likely to use trade agreements to favor those who supported the U.S. position in Iraq. Thus, “Singapore, a member of the coalition, will see its free-trade agreement proceed on schedule. Chile, which did not cooperate, will not.” Yet only a month separated the signing of the two agreements: the agreement with Singapore was signed in May 2003, that with Chile in June 2003 (Mitton 2003).<sup>55</sup>

Moreover, apart from an unwillingness to include New Zealand—highly critical of the U.S. invasion of Iraq—in the trade negotiations with Australia (Armstrong 2003),<sup>56</sup> there is some evidence that U.S. trade officials have sought to use trade policy not to differentiate between supporters and opponents but instead to repair relations with its opponents. This is particularly so in its relations with the EU, where U.S. policymakers seem to have responded to pressure from American companies to avoid economic retaliation (Alden and de Jonquieres 2003).<sup>57</sup> True, the timing of the U.S. decision in May 2003 to bring a case before the WTO challenging the EU’s de facto moratorium on authorizing the import of genetically modified food struck EU officials as “eccentric” as the moratorium was due to be lifted at the end of 2003.<sup>58</sup> The United States had threatened a challenge to the moratorium since October 2002, but the White House, hoping to drum up European support for a war against Iraq, put the challenge on hold in January 2003. While the timing thus might seem peculiar, the decision to bring the case before the WTO seems wholly unrelated to any desire to punish opponents of the invasion of Iraq. Instead, the U.S. seems eager to head off similar moratoriums in other countries as well as EU plans for restrictions on trade in chemicals that could pose safety risks (Alden, Buck and de Jonquieres 2003).



Perhaps the best support for the argument that the war on terrorism (but not Iraq) has had an effect on U.S. trade strategy is to be found in the U.S. trade policy toward the Middle East and other Islamic countries. The plan for a Middle East free trade area, proposed by President Bush in a speech in May 2003, envisioned signing free trade agreements with Egypt and Bahrain as stepping stones on the way to a more encompassing free trade area to be completed by 2013.<sup>59</sup> Trade negotiations with Morocco, announced in April 2002, were expected to be concluded by the end of 2003. Both Egypt and Morocco were critical of the U.S. invasion of Iraq. Egypt has since fallen into disfavor, in part because in the American view it has been dilatory in its implementation of economic reforms, particularly modernization of its customs laws, and in part because it purportedly reneged on its promise to support the United States in its case at the WTO challenging the EU moratorium on genetically modified foods (Khalaf 2003; Alden 2003).

Reflecting in part the perceived need for allies in the fight against terrorism and perhaps in part the notion that it can alleviate poverty, analysts have advocated opening the U.S. market to Pakistani exports and the general lowering of trade barriers to exports from the developing world (Walt 2001/02, pp. 66–67). Whereas the United States pledged \$600 million in economic aid to Pakistan two months after the September 11 attacks and lifted the economic sanctions imposed in 1998 and 1999, the United States dragged its feet regarding reductions in the tariffs on and increase in the quotas for Pakistan's textiles.<sup>60</sup> This was in sharp contrast to the European Union, which moved promptly to ease the way for Pakistani textile exports to the Union. Not until February 2003 did the United States act, offering Pakistan a three-year package of trade bonuses, including the increase of some textile quotas. The economic benefits to Pakistan have been insignificant in part because some of the increases affected products that Pakistan produces in very limited quantities. The Trade and Investment Framework Agreement [TIFA] signed with Pakistan in June 2003 is also consistent with a trade policy status quo. While the agreement commits the President to ask Congress for \$3 billion in aid to Pakistan, it offers Pakistan no concessions on textiles. All the agreement does is to set up annual talks between the two countries (Altman 2003, p. C11). According to a United States trade official, "Pakistan is a friend of the U.S. So are many other countries that are textile exporters. I think it would be very unlikely that we would offer special benefits to Pakistan that we would not be prepared to offer other countries" (quoted in Altman 2003, p. C11). Besides, even if the United States would have wanted to discriminate in favor of Pakistani textiles, textile quotas for members of the WTO are due to disappear in 2005 (although tariffs are not). Any concession on quotas offered Pakistan would therefore have been of very limited duration. Although the U.S. trade official quoted above mentions the interests of the domestic textile producers as another obstacle to textile concessions,

electoral considerations probably play much less of role here than they might do in the steel sector. Bush's support in both North and South Carolina, important textile producing states, is so solid that any action on Pakistani textile quotas would probably have little impact on his electoral prospects (Altman 2003, p. C11).

In short, the commitment to a multilateral trading system was evident before 9/11 and represented an essential continuity with the trade policy developed during the Cold War. Whereas the war on terrorism may have served to deepen this commitment, it has not fundamentally altered it.

## **Conclusion**

Will the United States, as the dominant power in a unipolar system, remain wedded to the security and trade strategies that it developed during the Cold War? This chapter has argued that an answer to this question requires that we consider U.S. domestic institutions, specifically the number of veto players in the foreign economic and security policymaking arenas. In this regard, the analysis differs from the largely systemic analysis that has hitherto dominated the analysis of U.S. statecraft in the post-Cold War world. Such analysis, relying in large part on structural factors such as the distribution of power, fails to come to grips with perhaps the most salient fact of unipolar systems: That the dominant power is essentially unconstrained and that we can therefore not rely on structural constraints to derive expectations about the foreign policies such powers are likely to pursue. This is particularly so if, as argued above, the era of unipolarity can be expected to last beyond a decade or so. My argument should not be understood, however, as a general plea for granting domestic variables analytical primacy over systemic variables. Somewhat paradoxically, the salience of domestic political factors in shaping U.S. statecraft is at least in part a function of unipolarity, that is, of a particular distribution of power.

Some may grant this much but object that domestic political factors are only important in security affairs. In international economic affairs, even a power as dominant as the United States is still so constrained by international regimes and institutions that domestic political factors lose much of their explanatory power. In support of their view they might point to the recent decision by the Bush Administration to lift the steel tariffs imposed in 2002 after the WTO had declared the tariffs illegal. It seems hard to avoid the conclusion that the WTO made the price of protecting the steel industry too high (Sanger 2003, p. A28). If so, this implies that stability in trade policy may be better explained by focusing on the constraining effects of international regimes than on domestic variables such as the number of veto players.

Veto player theory still seems relevant, however. The theory predicts that the United States will remain committed to a multilateral trading system. For the theory to be correct, the bilateral and regional trade deals being pursued must be intended as stepping stones toward multilateral agreements. The WTO does not force the United States to choose to remain committed to multilateralism; bilateral and regional deals are generally allowed under WTO rules, implying that the choice to remain committed to strengthening the WTO is a function of domestic politics and thus within the scope of veto-player theory. The decision to rescind the steel tariffs may be taken as a sign, not that the United States has no other choice but to abide by the rulings of the WTO, but that the United States remains committed to a multilateral trading order and seeks to strengthen it.

The salience of domestic political constraints in the dominant power and the likelihood that those constraints will differ in different policy arenas mean that policymakers in the dominant power generally will face difficulties integrating economics and security in statecraft. Nevertheless, the present combination of a largely unilateral security strategy with a largely multilateral trade strategy does not imply that economic and security strategies pull in different directions and that U.S. statecraft is therefore disintegrated; on the contrary, the attempt to extend the reach of the WTO in the current Doha Round would seem compatible with the flexibility required by a security strategy in which the mission determines the coalition. Whereas discriminatory policies risk closing doors to potential coalition partners, nondiscriminatory policies help keep them open.

Perhaps the most controversial claim made in this chapter has been the claim that the war on terrorism has not restored structural constraints to the importance they had during the Cold War. U.S. security and trade strategies continue to reflect domestic political factors, not systemic imperatives. The United States is still the dominant power in both the security and economic realms, and this dominance can be expected to last for decades. The terrorist threat does not alter this situation. U.S. dominance makes possible the belief that permanent coalitions are not necessary to win the war on terrorism, and that the coalitions that are needed can be cobbled together on an ad hoc basis. Should this belief turn out to be wrong or should a strategy based on it be deemed to risky, the war on terrorism may alter U.S. statecraft more fundamentally in the future than it has so far, and push the United States back toward a more multilateral security strategy. It also remains to be seen whether a multilateral foreign economic policy is sustainable in an environment of unilateral security policies.

In the short- to medium term, however, one might think that the main threat to integrating economics and security in statecraft is found not in U.S. unilateralism in national security policy

but in the moves away from multilateralism in trade policy. Were the current Doha Round of WTO to fail and were the United States to continue its pursuit of discriminatory free-trade arrangements, international trade may become increasingly regionalized, constituting a threat to the continued viability of a strategy that relies on fluidity in international coalition building. This is because bilateral and regional trade arrangements run the risk of increasing conflict with those not party to these arrangements, thus undermining a security strategy based on missions determining coalitions. The theory of veto players suggests that such a departure from the multilateralism of the Cold War is unlikely to happen. The presence of three institutional veto players in the trade policy arena implies that the United States will be able to stay the trade policy course staked out during the Cold War and avoid the conflicts and tensions inherent in an increasingly regional world economy.

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\* *Author's note:* The author thanks Eugene Gholz, Steven Hook, and the other contributors to this volume for suggestions that greatly improved this chapter.

<sup>1</sup> See, e.g., Stein (1990, p. 202); Wohlforth (1999, p. 40); Kapstein (1999, p. 468); Bender (2003, p. 155); Kissinger (2001, pp. 287–288). These authors all argue that loose international or structural constraints imply that domestic political constraints will play a significant role in determining foreign policy. This is also one of the implications of the literature on hegemonic stability theory. Thus, Arthur Stein (1984, p. 384) argued that the economic hegemon faces a dilemma in that it has a choice between maximizing its own economic returns and maximizing its relative positions. It has to choose, that is, between economic openness and closure. Similarly, scholars debated whether the hegemon should pursue free trade policies or instead exploit its size and consequent market power to impose optimal tariffs on imports (Conybeare 1984; Gowa 1989; Mansfield and Busch 1995; Lake 1993, esp. pp. 473–474). In other words, structural constraints—in this case the international distribution of economic power—are indeterminate regarding which trade strategy the hegemon will choose. The indeterminacy of structural constraints provided a major justification for why scholars in international political economy turned their attention to domestic political factors such as interest group pressures, electoral politics, and political institutions. For an early statement of the problem, see Krasner (1976).

<sup>2</sup> See, e.g., Mastanduno (1997; 1998); Mastanduno and Kapstein (1999); Kapstein (1999); Ikenberry (2003b); Jervis (2003a, 2003b); Kupchan (2003a). These authors rely on systemic theories ranging from balance of power and balance of threat theory to hegemonic stability theory to international institutionalist theories to aid in the analysis of American grand strategy. To the extent that they discuss domestic variables, these appear largely to explain the residuals. See, e.g., Kapstein (1999, p. 468).

<sup>3</sup> Ikenberry (2003a, pp. 539, 548n36) makes a similar point.

<sup>4</sup> The debate over the direction of U.S. security policy has focused on two different strategies, unilateral and multilateral. Isolationism has received scant attention from policymakers. For this reason, I do not discuss isolationism in this paper. For a discussion of what an isolationist policy might look like, see Gholz, Press, and Sapolsky (1997).

<sup>5</sup> Ikenberry (2002) provides an excellent discussion of the various elements in the new American grand strategy. See also Ikenberry (2001, 2003a).

<sup>6</sup> The basis for Huntington's claim that the system is not unipolar is two-fold: First, a unipolar system "would have one superpower, no significant major powers, and many minor powers."

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Second, the United States “cannot effectively resolve important international issues alone” (Huntington 1999, p. 35). Referring to the notion that the dominant power must be able to resolve important issues alone, Brooks and Wohlforth (2002, p. 23) point out that “in no previous international system would it ever have occurred to anyone to apply such a yardstick.”

Krauthammer (2002/03, p. 6) adds that “This is a standard not for unipolarity but for divinity.”

<sup>7</sup> According to Waltz (1993, p. 53), nuclear weapons changed the way system polarity was to be assessed by altering the link between economic capability and military power.

<sup>8</sup> Global hegemony would only be possible in the unlikely event that a great power achieves nuclear superiority (Mearsheimer 2001, p. 128).

<sup>9</sup> Nye does not define the threshold between multipolarity and unipolarity.

<sup>10</sup> According to Nye’s (2002, p. 37, table 1.2) figures, in 1999 U.S. GDP adjusted for purchasing power parity was \$9,225 billion compared to \$9,902 billion for the other seven major powers combined. The United States, in other words, has a 48.4 percent share of the total product of the eight major powers.

<sup>11</sup> This was a popular measure among the proponents of hegemonic stability theory. For a discussion, see Lake (1988, esp. pp. 29–40). Nye (2002, p. 55) questions the relevance of this measure in today’s world economy, arguing that it provides “a very incomplete picture of global economic linkages.”

<sup>12</sup> In 1870, the United Kingdom accounted for 24 percent of world trade, a figure that declined to 14.1 percent in 1913 (Lake 1984, p. 160, table 1).

<sup>13</sup> Whereas the EU represents its individual members in the WTO’s current Doha round, there is no agreement among countries such as the United Kingdom, Germany, and France on trade policy. For an illustration, see the discussion in Gordon (2001, pp. 54–55) regarding in particular differences over the desirability of a Transatlantic Free Trade Area that would merge the signatories of North American Free Trade Agreement and the EU in a free trade area. The idea was originally Germany’s (ibid., p. 50).

<sup>14</sup> According to Lake (1984, p. 160, table 1), at 15 percent of world trade a country is either an imperial or hegemonic leader. In comparison, the United States in 1950 accounted for 18.4 percent of world trade.

<sup>15</sup> The 1960 figures are from Lake (1984, p. 164, table 2).

<sup>16</sup> Obviously, it is possible that nothing ever will. Wohlforth (1999, esp. p. 7) offers an extensive discussion of quantitative indicators showing that the United States is the dominant power. See also Krauthammer (1991); Mastanduno and Kapstein (1999, p. 14); Ikenberry (2000, p. 10); Kennedy (2002); Kupchan (2003a, p. 28); and Brooks and Wohlforth (2002, pp. 21–23).

<sup>17</sup> Ikenberry (2000, p. 10; also p. 233n59, pp. 277–281 [Appendix 2]), agrees that the United States is dominant in both the economic and military spheres. Kapstein (1999, p. 472), while concurring that the United States is the dominant power in economic affairs, notes that President Bill Clinton in 1993 apparently believed that in economic affairs “we now live in a tripolar world, driven by the Americas, by Europe, and by Asia.” American trade dominance is, of course, not unprecedented. Indeed, the United Kingdom was far more dominant in the 19th century than the United States is today.

<sup>18</sup> Waltz (1993, p. 50) expected unipolarity to end within ten to twenty years.

<sup>19</sup> See also the evidence presented in Layne (1993, pp. 37–39) and the discussion in Waltz (1993, pp. 61–70).

<sup>20</sup> See the discussion in Wohlforth (1999, pp. 28–37).

<sup>21</sup> Whether balance-of-threat theory is a systemic-level theory is a topic I do not discuss here.

<sup>22</sup> Andrew Bacevich (2002, p. 227; also p. 232) argues in contrast that the United States throughout the 1990s has pursued an integrated grand strategy designed to create an open and economically integrated world that would preserve American empire. The degree of integration is

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so tight that even the war on terrorism after September 11, 2001 is a “war to preserve and to advance the strategy of openness” (p. 227).

<sup>23</sup> Posen and Ross (1996/97, p. 50) suggest as much when they argue that “[o]ne likely source of a major change in U.S. grand strategy is change in U.S. domestic politics”. They also argue that an ad hoc approach to U.S. strategy is likely to continue “until a crisis impels a choice” (ibid., p. 53).

<sup>24</sup> See Kastner and Rector (2003) for an application of Tsebelis’s theory to explaining the regulation of international capital movements. These authors argue that international regimes will mute the effect of domestic variables (ibid., p. 6).

<sup>25</sup> Snyder (1991) provides an explanation for why foreign policymaking in democracies is likely to differ from those in cartelized states. His explanation is that power in democracies is more widely dispersed among interest groups, thus leading to less expansionary foreign policies. He does not address the question whether the different elements of democratic statecraft may be subject to varying domestic pressures, however.

<sup>26</sup> Tsebelis (1995, pp. 292–293), defined policy stability as the absence of the “potential for policy change.”

<sup>27</sup> It should be noted that whereas there may be many different interest groups trying to influence both the security and economic elements of U.S. statecraft, these groups do not have a veto over policy, and thus do not count as institutional veto players.

<sup>28</sup> Cox and McCubbins (2001, pp. 24–26) provide a more extensive discussion of these two criteria.

<sup>29</sup> According to Ripley and Lindsay (1993, p. 19), strategic policy “encompasses much of what is commonly called foreign policy as well as those aspects of defense policy that specify the basic mix and mission of military forces.”

<sup>30</sup> “[I]n foreign policy the president is allotted extraordinary discretion and even prerogative authority” (Silverstein 1997, p. 7). See also the discussion in Whittington and Carpenter (2003, pp. 504–507) and Peterson (1994).

<sup>31</sup> Some may object that, although the military is not an institutional veto player, this analysis of security policymaking nevertheless ignores the important role played by the military, and that civil-military relations are much more important in understanding U.S. security policy than are relations between the Executive branch and Congress. While scholars have found significant differences of opinion between the military and civilians regarding the use of force, and that civilians with a military background are much less likely to initiate militarized disputes than are civilians without such a background (Feaver and Gelpi 2003), it does not therefore follow that the military can veto the use of force.

<sup>32</sup> International threats increase the likelihood that the preferences of various Presidents will overlap, so that policy remains stable. A constant level of threat, in other words, has the same effect on security policy as does a large number of effective veto players.

<sup>33</sup> Cf. the discussion in Tsebelis (1995, p. 295). We cannot conclude, however, that the new policy will therefore be far away from the status quo. It might be, but it need not be. See Tsebelis (2002, p. 32), for a discussion.

<sup>34</sup> Although veto player theory does not predict this shift for the reasons noted, it is nevertheless consistent with the theory’s emphasis on the importance of idiosyncratic factors when there is only one veto player.

<sup>35</sup> A subsequent assessment dubbed the strategy of the last years of the Clinton Administration “selective (but cooperative) primacy,” whereas the strategy of the second Bush Administration is labeled “primacy” (Posen 2003, p. 6).

<sup>36</sup> Daalder and Lindsay (2003) argue that George W. Bush is responsible for a revolution in American foreign policy, supporting the notion of a shift away from the status quo in security policy.

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<sup>37</sup> See [http://clinton4.nara.gov/textonly/library/hot\\_releases/December\\_31\\_2000.html](http://clinton4.nara.gov/textonly/library/hot_releases/December_31_2000.html) for the full text of Clinton's statement.

<sup>38</sup> There are generally three ways to determine actor preferences: by assumption, through empirical investigation, or by deduction from prior theoretical principles (Frieden 1999).

<sup>39</sup> Lohmann and O'Halloran (1994, pp. 598–599) spell out a somewhat different logic: Legislators are assumed to care only about the costs and benefits to their individual districts. Thus, each legislator will ignore the negative externalities that protectionist policies impose on other districts and focus only on the benefits and costs of protectionism to her own district. Because the President has a national constituency, he cannot ignore these externalities and will therefore be more likely to oppose protectionist policies.

<sup>40</sup> For a skeptical view, see Hiscox (1999, p. 677). He points out that before 1950, Republican Presidents supported protectionist policies. After 1950 both Democratic and Republican Presidents have generally supported free trade. The reason might be that only with the delegation of trade policymaking authority to the President in 1934 did it become possible for the President to use trade policy as a strategic instrument to serve broader international economic and political considerations. This fact in turn may have changed the President's preferences on trade policy.

<sup>41</sup> See Haggard (1988) for a discussion.

<sup>42</sup> For elaborations of this argument, see, e.g., Gowa (1994); Mansfield (1994); and Skålens (2000). See Mastanduno (1998) for a discussion of arguments linking trade policy and security considerations.

<sup>43</sup> The continuity in American trade policy, Nivola (1997, p. 236) argues, is best explained by the need "to continue reconciling economic wants with wider strategic interests." Other factors deemed important are the legacy of the Smoot-Hawley Act, the U.S. Constitution and the power it gives Congress over trade policy, and global economic integration (*ibid.*, pp. 246–247).

<sup>44</sup> Nivola (1997, esp. p. 254) argues that while commercial considerations dominated the Clinton administration's trade policy in its first three years, broader foreign policy considerations played an increasingly important role. The end result was a reduced emphasis on opening foreign markets to American goods and thus a less confrontational trade policy.

<sup>45</sup> See also Garten's (1995, p. 51) claim that, whereas during the Cold War the United States championed multilateralism largely because it would strengthen political alliances, it now "supports multilateralism because it is in its commercial interest."

<sup>46</sup> Recently, bilateral free trade agreements have been signed with Jordan in October 2000, with Singapore in May 2003, and with Chile in June 2003. Negotiations for free trade areas are currently underway with Australia, the five members of the Central American Common Market, Morocco, and the South African Customs Union. In response to pressure from several Middle East governments for free trade agreements, free trade agreements with Bahrain and Egypt, conceived of as the first step toward a U.S.-Middle East free trade area by 2013, have also been proposed, with the negotiations to start in early 2004. U.S. officials have also indicated a willingness to negotiate free trade areas with the other nine members—besides Singapore—of the Association of South East Asian Nations (ASEAN). Finally, the United States has long been committed to extending NAFTA to involve all of Latin America (except Cuba) in a Free Trade Area of the Americas.

<sup>47</sup> The theoretical literature reaches contradictory conclusions regarding the question whether discriminatory preferential trading arrangements promote or retard multilateral liberalization (Mansfield and Milner 1999, pp. 603–604).

<sup>48</sup> Mansfield and Reinhardt (2003) argue that states conclude preferential trade arrangements to increase their bargaining power, and they find evidence that states are more likely to enter such arrangements during multilateral trading rounds.

<sup>49</sup> The quote is from a letter Zoellick wrote to Professor Bernard K. Gordon.

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<sup>50</sup> In response to demands from the developing countries and at U.S. insistence, a major objective of the Doha round negotiations is to liberalize trade in agriculture. Freer trade in textiles—again demanded by the developing countries—is another major aim of the negotiations.

<sup>51</sup> TPA finally passed both houses of Congress when the Senate voted in August 2002 to grant the President TPA.

<sup>52</sup> Brazil and Russia were treated more leniently than was the European Union (Romancing Big Steel 2002). Nevertheless, in retaliation, Russia imposed quotas on meat imports from the United States and temporarily banned chicken imports from the U.S, the top U.S. export to Russia. Protectionist measures designed to safeguard the steel and lumber industries are recurring features of U.S. domestic trade policy battles and thus nothing new (Nivola 1997, p. 238).

<sup>53</sup> Thus, the steel tariffs, for instance, are seen as a way to induce Brazil to support negotiations for a Free Trade Area of the Americas (Blustein 2002a).

<sup>54</sup> This was followed in November 2002 by a proposal to eliminate tariffs on industrial and consumer goods by 2015.

<sup>55</sup> The official reason for the delay, according to the Chilean ambassador to the United States, was difficulties in translating the agreement into Spanish (War Allies Win Praise 2003, p. 1A), although he also admitted that the signing of the agreement had been influenced by Chile's refusal to vote for a U.N. resolution authorizing the use of force against Iraq (Armstrong 2003). Whatever the reason, President Bush signed both agreements into law on September 3, 2003, after they had passed both the House and Senate by nearly identical margins.

<sup>56</sup> There may of course be other reasons why New Zealand was not included.

<sup>57</sup> The difficulty of using trade policy to differentiate between friend and foe is particularly obvious in the case of the EU, whose members consist of both supporters and opponents of the U.S. war against Iraq.

<sup>58</sup> The moratorium was imposed in October 1998.

<sup>59</sup> Underlying the proposal is the hope that an FTA will encourage trade, foreign investment, and economic development, which will build a middle class that has elsewhere supported political and social reforms, thus creating stability in the Middle East (Deans 2003).

<sup>60</sup> The textile industry is Pakistan's main industry and it accounts for the majority of its exports to the United States.