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The Journal of Public and International Affairs was founded as a forum for some of the most interesting research done by advanced students in this field. International relations and public policy study have grown in importance and urgency as the interrelations between people and societies increase. The developing scholars and practitioners in this volume perhaps point out and further the paths that this evolving discipline will go.

JPIA began as a publication of the Woodrow Wilson School of Princeton University. It has grown significantly this year, however, through the support of the Association of Professional Schools of International Affairs (APSIA). Our submissions pool for this publication included universities in every region of the country. It is worth noting that two of the papers published here were prizewinners at the 1991 APSIA conference held at the University of Denver.

JPIA seeks to publish both scholarly and expository articles on a diverse range of subjects, covering the areas of international affairs, development studies and domestic policy. Both political and economic analysis are the tools of inquiry. The journal is an annual publication, accepting submissions from any advanced student in the field from any accredited institution. Those wishing to submit papers for consideration may send them to: JPIA, Robertson Hall, Woodrow Wilson School, Princeton University, Princeton NJ 08544-1013.
The Middle East: Prospects for Soviet-American Cooperation in the Post-Cold War Era

Joseph Young

ABSTRACT
The Gulf conflict has been an occasion for much discussion on the possibility of Soviet-American cooperation in the Middle East. Several developments have made this a realistic possibility, in particular Gorbachev's diplomatic approach to the region. Two issues, terrorism and Soviet-Jewish emigration, afford opportunities for cooperation in the near term, despite several obstacles. With regard to missile proliferation and the Arab-Israeli conflict, however, collaboration will most likely be postponed by the evolving situation in Iraq and the obstructive policies of other regional players. Still, one can imagine possible forms of collaboration on these issues as well.

Although the principal intent of the September 1990 Helsinki Summit was to demonstrate superpower solidarity against Iraq, the summit had two political implications which transcended the immediate situation in the Gulf. The first was the possibility that the Gulf crisis had ushered in a new era of Soviet-American cooperation, which in turn could serve as the

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cornerstone of the post-Cold War world. This idea was symbolized by a gift presented to Bush by Gorbachev at Helsinki—a framed cartoon showing the two leaders in boxing outfits with their hands raised by a smiling referee whose head was the globe. The second implication of the summit was that the U.S. and the Soviet Union, in their role as global partners, might collaborate in the Middle East region as a whole. In the joint statement issued at the summit’s conclusion, both presidents recognized that “it is essential to work actively to resolve all remaining conflicts in the Middle East ....” Accordingly, they promised “to consult with each other” and “to direct their foreign ministers to work with countries in the region and outside it to develop regional security structures ... to promote peace and stability.”

Before leaving Helsinki, Bush even conceded that the long-standing Soviet proposal of an international conference on the Middle East might be acceptable under certain circumstances. In short, the summit held forth prospects of superpower cooperation that were, in the words of one New York Times reporter, “uncommonly warm and fuzzy.”

Of course, the idea of Soviet-American cooperation in the Middle East is nothing new. It was voiced by Brezhnev as early as 1973 when, during a visit to the United States, he reportedly “kept Nixon up almost all night on the Middle East, trying to convince him of the need to act together.” What is new is to hear this idea expressed optimistically by an American president, since throughout the Cold War, policymakers in Washington endeavored to reduce Soviet influence in the region and to exclude Moscow from the peace process. Bush’s optimism has been echoed in the aftermath of the Gulf war by Secretary of State James Baker, who remarked during a visit with Soviet Foreign Minister Alexander Bessmertnykh that the U.S. regards the USSR as a constructive partner in stabilizing the postwar Middle East. Are these suggestions realistic? Certainly, obstacles remain which would impede Soviet-American efforts to resolve comprehensively the Arab-Israeli problem. Nevertheless, certain regional issues do afford genuine opportunities for superpower cooperation in the post-Cold War era. To explain why this is the case, and to illustrate that the Helsinki summit represents a veritable revolution, it would be helpful first to sketch the history of Soviet and American policies in the Middle East.

The Collaborative Competition of the Superpowers

Before the Gorbachev era, Soviet and American policies in the Middle East followed three discernible patterns. The first pattern has been embodied in the superpowers’ reliance upon threats and shows of force, especially during crises, to signal their intentions and to coordinate their strategic options. The second pattern has been that of open discussion by the superpowers on Middle Eastern issues, typically yielding joint statements and multilateral negotiations. The third pattern has been one of competi-
tion, specifically exemplified by Soviet responses to American unilateral efforts to broker a Middle East settlement. Because the superpowers have tended to follow one pattern at a time, each of the three can be analyzed individually.

The first pattern, which has been called “crisis management,” involves a cautious diplomacy of force. When the ally of one superpower has faced collapse during episodes of open conflict in the Middle East, that superpower has usually responded with carefully conveyed verbal threats and conspicuous military maneuvers. This response is intended not so much to alter the strategic military balance as it is to impress upon the other superpower the urgency of imposing restraint on its own ally.

This was precisely the pattern followed by the Soviet Union in the 1973 Yom Kippur War. Faced with the possibilities that the Egyptian Third Army would be destroyed and that the Sadat government would fall, Brezhnev warned Nixon, “If you find it impossible to act with us in this matter, we should be faced with the necessity urgently to consider the question of taking appropriate steps unilaterally.” The reinforcement of the Soviet naval fleet in the Mediterranean to the unprecedented level of 85 ships lent credibility to the threat. Of course, Nixon called Brezhnev’s bluff, but, according to Benjamin Miller, the main effect of the Soviet ultimatum was this: it provided Kissinger with an invaluable card in his efforts to rein in Israel, which in normal times commanded a powerful constituency in the American body politic. To that extent, Brezhnev’s threat helped to preserve the Third Army and prevent the crisis from escalating into a superpower confrontation.

The United States, too, has threatened intervention to protect an ally. In 1970, the Jordanian army’s success in driving the Palestinians out of Amman triggered an invasion into Jordan by Syrian armed forces. To clarify its commitment to Jordan’s King Hussein, Washington issued tough anti-Soviet statements and sent an enlarged Sixth Fleet to the Eastern Mediterranean. The Soviets later admitted that this American buildup considerably aided its efforts to restrain Syria. The result was that Hussein quickly expelled the Syrians and maintained his control over the country.

While one of the salient features of superpower crisis management has been its record of success, the same cannot be said of the second pattern of Soviet-American Middle East policies. The superpowers optimistically opened discussions of possible regional settlements, only to see their efforts fail conspicuously. This has usually been due to the superpowers’ own ambivalence and their allies’ intransigence.

This pattern was notably exemplified by the bilateral discussions conducted by Secretary of State William Rogers and Foreign Minister Andrei Gromyko during Nixon’s first term. These “two-power talks” yielded the First Rogers Plan in October 1969, which, in keeping with UN Resolution
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242, called on Israel to withdraw from Arab territories occupied in the 1967 War in return for peace and the normalization of Arab-Israeli relations. Egyptian leader Gamal Abdel Nasser, who at the time was experiencing success in his “war of attrition” against Israel, flatly rejected the proposal on November 6. Subsequently, the Soviet government yielded to its client’s position, delivering to the United States a formal rejection of the Rogers Plan. Many speculate, however, that the two-power talks had been doomed from the outset by President Nixon’s glaring lack of support.

Another effort at superpower cooperation was mounted in the aftermath of the Yom Kippur War. On December 21, 1973, the Geneva Conference was convened in accordance with UN Security Council Resolution 338, which had established a tenuous cease-fire in the Sinai. Co-chaired by the United States and the Soviet Union and attended by Israel, Egypt, and Jordan, the effort was very short-lived, as Henry Kissinger soon embarked upon unilateral diplomacy from 1974 to 1976. This was somewhat ironic, since the conference had been convened largely at Kissinger’s instigation.

Resort to unilateral diplomacy has typically set in motion the third pattern of Soviet-American interactions in the Middle East. According to this pattern, the U.S. attempts on its own to broker a regional settlement. To avoid exclusion from the peace process, the Soviet Union resorts to obstructionist policies. This was certainly the case when Kissinger assumed direction of U.S. Middle East policy. In April 1970, Kissinger determined that the primary American goal should be to end the war of attrition under U.S. auspices, which would help to undermine Soviet influence in the region.

Thus, when Assistant Secretary Joseph Sisco visited Cairo to gauge Nasser’s receptivity to U.S. feelers, the Soviets reacted immediately by sharply increasing military aid to Egypt. Then on June 19, the U.S. unilaterally offered a cease-fire plan; after the plan went into effect, the Soviets responded predictably, conspiring with the Egyptians to violate the cease-fire by moving a wall of SAM-3s up to the Suez Canal. This established the Soviet Union in its role as spoiler—a role it would play many times during Kissinger’s tenure.

The competitive pattern also emerged during the Reagan presidency, when U.S. Middle East policy focused on constructing an anti-Soviet coalition of Israelis and moderate Arabs. After Reagan unveiled his September 1982 peace plan, which envisioned an “association” between the West Bank/Gaza Strip territories and Jordan, the Soviets responded by affirming the Palestinians’ right to an independent state, prior to and independently, of any later confederation agreement. Moreover, to tempt the PLO away from a pro-American relationship with Jordan, Moscow declared that the Palestinian state would be under PLO leadership. In the end, Reagan’s unilateral initiatives were hindered to a large extent by the Soviets’ ability to portray themselves as the true guarantor of Palestinian interests.
In sum, the three patterns described above suggest a prevailing theme of collaborative competition in the postwar history of Soviet-American involvement in the Middle East. The two terms in this phrase are ordered so as to indicate that competition is the more deeply-rooted urge. Indeed, the roots run far back into the era of Khrushchev, who looked upon the Middle East as an area fertile for competitive gain at the expense of Western imperialism. For the United States, Cold War competition dictated Middle Eastern policy well into the 1980s, as evidenced by Reagan’s highly touted “strategic consensus.”

Nevertheless, both superpowers have had collaborative impulses since the late 1960s. The Soviets have felt these impulses more powerfully, recognizing the U.S.’s superior leverage in the region. However, American officials have also felt such impulses recently, perceiving both that Soviet regional influence cannot be eliminated and that it is always just sufficient to obstruct exclusionary U.S. policy. Beginning in the mid-1980s, consequently, superpower convergence on the need for collaboration set the stage for Gorbachev’s approach to the Middle East.

Gorbachev in the Middle East
To flesh out the significance of Gorbachev’s approach, it would be helpful to review briefly Soviet and American aims in the Middle East, which can be readily distilled from the preceding historical sketch of the superpowers’ involvement in the region. On the American side, the four overarching objectives have been: to ensure the security of its allies (particularly Israel), to achieve an Arab-Israeli peace settlement, to maintain U.S. and Western access to Middle Eastern oil, and to reduce Soviet influence in the region. Soviet objectives, on the other hand, have included: winning acceptance as a central player and co-mediator in the peace process, limiting American influence in the region, preventing the military defeat of its allies, securing an Israeli withdrawal from the occupied territories, and avoiding situations in which Moscow could be accused by the Arabs of having sold out to the “imperialists.” Except for the objective of curbing each other’s influence, therefore, these two sets of goals are not terribly contradictory.

How does Gorbachev’s Middle East policy represent a significant shift? One might be tempted to answer that Gorbachev has somehow altered Soviet objectives, but this is simply not true. If anything, Gorbachev has tried to change only the American objective of excising Soviet influence from the region. The shift represented by Gorbachev, rather, is one of means, not ends. Specifically, Gorbachev has emphasized to an unprecedented degree the value of collaboration in achieving his nation’s traditional Middle Eastern objectives.

This is not to say that the Soviets’ competitive urge has vanished. In recent years Moscow has concluded a major arms transfer agreement with
Syria, worked on enlarging a naval facility for probable use by the Soviet fleet on the Syrian coast of Tartus, voted again with the Arab states for Israeli expulsion from the United Nations, and sold fifteen long-range SU-24 bombers to Libya. Nonetheless, in Gorbachev’s policies one can detect an undeniable shift from competition to collaboration as the primary track of Moscow’s Middle Eastern policy. This is borne out precisely by the Soviet Union’s friendly overtures to all parties concerned in the region, namely, the U.S., Israel, and the Arabs. Compare this to the Cold War era, when competition forced the Soviets to choose sides, and one can see that it is precisely the switch embodied in Gorbachev’s approach that has made superpower cooperation in the Middle East a realistic possibility.

Regarding the Arabs, Gorbachev has sought to improve ties with moderate states. For instance, relations have been resumed with Saudi Arabia and have been established with the United Arab Emirates and Oman. In 1988 Foreign Minister Eduard Shevardnadze visited Egypt’s President Hosni Mubarak and won from him an endorsement of an international conference on the Arab-Israeli conflict. Shortly thereafter, Shevardnadze personally commended Jordan’s King Hussein on his dialogue with the U.S. and likewise garnered the king’s support for a conference.

On the other hand, Gorbachev has tried to rein in some not-so-moderate Arab countries. When President Assad of Syria visited Moscow in 1987, Gorbachev used the occasion to emphasize that it was abnormal for the Soviet Union to have no relations with Israel. Also, Moscow worked to reunify the PLO under the more moderate influence of Yassir Arafat. The Soviets then encouraged the PLO to renounce terrorism and accept UN Resolution 242.

Gorbachev’s emphasis on cooperation, however, is most clearly seen in the way Moscow now curries favor with Israel. Over the past four years the Soviets have broken their 20-year-old cultural boycott of Israel, released Soviet Jews imprisoned for Jewish activism, and greatly relaxed restrictions on Jewish emigration. Furthermore, Gorbachev announced last September that the USSR would establish consular relations with Israel in lieu of the diplomatic ties broken off during the 1967 Arab-Israeli War. These concessions signal Moscow’s desire to resume official relations, the absence of which has been the fundamental obstacle to the Soviets’ entry into the Middle East peace process.

The Soviets have even watered down their position that the resumption of diplomatic relations depends on Israel’s participation in an international Middle East conference. These concessions signal Moscow’s desire to resume official relations, the absence of which has been the fundamental obstacle to the Soviets’ entry into the Middle East peace process.

The Soviets have also repeatedly peddled the idea of an international conference to the United States. To make the idea more palatable, Shevardnadze suggested that the Soviet Union would accept a secondary role in organizing the conference, deferring rather to the Secretary General of the UN and his special representatives. Apparently, proposals of this
sort were beginning to find a receptive ear in Washington prior to the Gulf crisis, judging from President Bush's and Secretary Baker's statements about the potential usefulness of a Middle Eastern peace conference.

However, this is but one positive result of Gorbachev's new emphasis on working with the U.S. in the region. This spirit of cooperation, which was proclaimed by Gorbachev last year at the 28th Communist Party Congress, was earlier exemplified by the superpowers' solidarity on UN Resolution 598, the cease-fire proposal for the Iran-Iraq War. It was also exemplified by Soviet and American efforts to flag Kuwaiti oil tankers during the war. And, of course, the USSR has been supportive of the United States during the crisis in the Gulf. By calling for Iraq's withdrawal from Kuwait, by endorsing an air and naval blockade, and lastly by supporting the use of force against Iraqi leader Saddam Hussein, the Soviets unambiguously indicated their hopes of forging a regional partnership with the U.S.

Obstacles

Although Gorbachev's "omni-directional" diplomacy has made superpower cooperation throughout the entire Middle East a realistic possibility, it does not necessarily follow that this cooperation will bear fruit, or even that it will actually occur. This is due to two sets of obstacles that will impede Soviet-American partnership in the region. The first consists of those stumbling blocks which, though vexatious, nevertheless seem to permit cooperation on several regional issues. The second category includes impediments which could postpone cooperation on other issues for quite some time. This second category will be discussed later.

The first category of obstacles, spelled out concisely by Breslauer,²⁰ include: the residual ideological differences between the superpowers; the greater U.S. regional leverage, which tempers its enthusiasm for cooperation; the fear that cooperation will enhance the other's position; their commitments to protect allies; the natural uncertainty that impedes their ability to verify compliance with agreements at mutually acceptable levels of confidence; and the momentum of technological developments that often outstrips the superpowers' capacity to stabilize their relationship.

Additionally, the USSR's deepening domestic troubles may distract Moscow from serious involvement in regional affairs. If the Soviet response to these troubles continues to involve a resort to force, such as occurred in the Baltics, the U.S. may seek to distance itself politically from the USSR, thereby limiting collaboration on any issue. Lastly, the deficiencies of Soviet military hardware that were exposed during the Gulf war may lead the USSR's allies to question any security guarantees that would undoubtedly be part of an Arab-Israeli settlement.

While these factors would prove troublesome to Soviet-American efforts at regional collaboration, shared interests on some issues would seemingly
enable the superpowers to hurdle these obstacles. Two such issues are terrorism and Soviet-Jewish emigration.

**Terrorism**

Why would the U.S. and the USSR be interested in cooperatively combating terrorism, when for years this issue was at the heart of their adversarial relationship? The Soviets’ interest stems, first, from their growing victimization at the hands of terrorists. Since the mid-1980s more than 60 Soviets have been killed in terrorist-related incidents, and Aeroflot airliners have been skyjacked to the Middle East. Second, Moscow fears that the kind of violence associated with Moslem fanatics in Iran and Lebanon will spread to the increasingly restive Soviet Muslim republics. Third, the Soviets understand that acts of terrorism could derail the peace process—a concern also shared by the United States. What makes Washington especially eager to cooperate with Moscow is the possibility that the Soviets could exercise constraints on state sponsors of terrorism, such as Syria, Libya, and Iraq.

Tentative steps have, in fact, been taken to establish a Soviet-American dialogue on this issue. This was inspired partly by Gorbachev’s statements at the 1986 Party Congress condemning terrorism, and partly by the deputy director of the Soviet secret police, General Ponomarev, who has called for KGB cooperation with the CIA, the British secret service, and the Israeli Mossad. Accordingly, in 1989 the first bilateral talks between U.S. and Soviet terrorism experts were held in Moscow. The most recent get-together, at the Rand Corporation in Santa Monica, featured the most wide-ranging agenda yet, covering airplane hijacking, hostage taking, and intelligence sharing. Not unexpectedly, however, the differences aired at these meetings included the problem of finding a mutually acceptable definition of terrorism and a natural reluctance about commitments for sharing intelligence.

These differences, though, would not preclude various forms of cooperation on this issue. One idea would be to institutionalize the recent series of talks by creating a standing bilateral group. The superpowers could also arrange a terrorism “hotline,” a special channel of communication that would allow them not only to coordinate their actions during a crisis, but also to warn each other of an impending attack. The U.S. and the Soviet Union could undertake to standardize chemical or other types of “tags” in commercial and military explosives to aid in the investigation of terrorist bombings. Also, mutual assistance in the investigation of terrorist incidents could be provided. Joint exercises and simulations might even be conducted to prepare for opportunities of Soviet-American collaboration. An exchange of anti-terrorist technology, consistent with the superpowers’ national security interests, could also prove helpful. Lastly, the Soviet Union could
strongly encourage Syria to see to the release of the remaining American hostages in Lebanon.

**Soviet-Jewish Emigration**

Soviet-Jewish emigration is another issue that affords opportunities for Soviet-American cooperation. According to Israeli sources, between 230,000 and 1 million Soviet Jews will emigrate to Israel over the next few years. Not surprisingly, Arab states disapprove of the recent relaxation of Soviet emigration restrictions because they fear that the Soviet Jews will replace Palestinian Arabs in the Israeli-occupied territories. That situation has also prompted disapproving statements from Presidents Gorbachev and Bush; evidently, both recognize that new Israeli settlements would terribly complicate, if not jeopardize, the peace negotiations that should resolve the territories' final disposition. Consequently, last September Secretary Baker secured from Israeli Foreign Minister David Levy a letter promising that none of the $400 million in American housing loan guarantees would be used outside Israel's pre-1967 boundaries. Similarly, thirteen months ago the Soviet government suspended an agreement providing for direct Moscow-to-Tel Aviv Aeroflot flights to protest the settlement of Soviet Jews in the occupied territories.25

In what way could the U.S and the Soviet Union cooperatively address this issue? Very simply, if the Soviets were truly serious about protecting Palestinian rights, they could seek to secure a similar letter from Foreign Minister Levy guaranteeing that Soviet Jews would not settle outside Israel's pre-1967 boundaries. Failing that, the Soviet government could then consider reducing the number of exit visas issued to prospective Jewish emigres. At that point the United States would come into the picture. To show cooperation with the Soviets in protecting the Palestinians, Bush could give assurances that, in the absence of some letter from Levy, cutbacks in Soviet-Jewish emigration to Israel would not affect his future decision to renew the Jackson-Vanik Amendment waiver for the Soviet Union.

It should be said, though, that this might not be the most feasible proposal. First, it is unlikely that an Israeli official would consent to such a letter. The Likud government maintains that refugees may live wherever they choose, including the occupied territories.26 Second, it is doubtful that, failing to obtain the requested letter, Gorbachev would actually authorize a cutback in Soviet-Jewish emigration; Soviet-Jewish relations have come too far during his tenure to risk an action that might sidetrack efforts to normalize diplomatic ties. To repeat, normalization is presently perceived by the Soviets as their ticket of reentry into the Middle East peace process. The Soviet commitment to the Palestinians is already making it quite difficult for Gorbachev to maneuver on this point.27
A second, more realistic, approach to Soviet-American cooperation on this issue would focus on the suspension of the El Al-Aeroflot agreement. Since this agreement would facilitate the increasing migration of Soviet Jews to Israel, the U.S. government could simply stop protesting the delay in the agreement’s implementation. On Capitol Hill, criticism of this Soviet action has been especially vociferous, even though other means of transportation from the USSR to Israel abound. If, on the other hand, the agreement is implemented at some future date, the U.S. could cooperate with the Soviet Union in safeguarding Aeroflot flights against Palestinian attacks. This would follow naturally from the superpowers’ collaboration on terrorism.

Recall that there is a second category of obstacles that would seem to block Soviet-American cooperation on other Middle Eastern issues for a long time. Unfortunately, these happen to be the most serious issues in the region, namely, the proliferation of ballistic missiles and the ongoing Arab-Israeli conflict. The major obstacle to curbing proliferation is Iraq’s remaining missile capability. Though its military arsenal was devastated in the recent conflict, Iraq still possesses a worrisome number of ballistic missiles. Until the status of these weapons is resolved by a comprehensive cease-fire agreement, and until Iraq’s internal political situation is resolved, the superpowers will be hard put to block the transfer of whatever missile technology may be necessary to defend their regional allies.

Regarding the Arab-Israeli issue, Soviet-American cooperation is tremendously complicated by other obstacles in the second category. The first is Israel’s ability to mobilize powerful American domestic coalitions against proposed settlements. The second is the superpowers’ chronic inability to control their regional allies (i.e., just because the allies might someday broker an Arab-Israeli settlement does not mean that Arabs and Israelis would make the agreement stick). The third is the temptation to fall back upon unilateral diplomacy, typified by Gorbachev’s overtures to Iraq on the eve of the American ground offensive in February. In short, the second category of obstacles would seemingly dim the glow of the Helsinki Summit regarding the most important issues in the Middle East.

Missile Proliferation

The second category of obstacles notwithstanding, the U.S. and the Soviet Union share enough interests on these issues to make their cooperation a reasonable, if distant, possibility. Regarding ballistic missile proliferation, the sheer seriousness of the situation screams out for superpower collaboration. Current missile states include Saudi Arabia, Israel, Egypt, Libya, Syria, Yemen, Iran, Iraq, and pre-war Kuwait, and the typical arsenal consists of the now well-known Soviet Scud-Bs, SS-21s, and SS-12s. Israel, of course, relies on its own Jericho missiles, which can hit parts of the USSR. In fact, one reason for Soviet anxiety is that its clients have been clever
enough to increase the range of Soviet-made missiles, putting more of the Soviet Union within range. Of concern to both the Soviets and the Americans is that these states are also now attempting to manufacture ballistic missiles of indigenous design. Hence, there is a possibility that these states will become “second-tier suppliers,” capable of destabilizing other regions of the world by exporting these destructive weapons. This makes it all the more imperative to block further transfers of ballistic missile technology that might abet their nascent weapons programs.

To do this, the U.S. and the USSR could adopt a multilateral approach. The U.S., for instance, could invite the Soviet Union once again to join formally the Missile Technology Control Regime, which prohibits six NATO countries and Japan from exporting missiles and related technology that could be used to build missiles capable of carrying a 500-kilogram payload a distance of 300 or more kilometers. Granted, Moscow followed Beijing’s lead last year in agreeing to abide by the MTCR’s guidelines, while remaining outside the regime. But securing the Soviets’ formal application for membership would be a more reliable hedge against the kind of violations to which the Chinese have been prone. Once the Soviets were officially on board, it would be easier to persuade China and other holdouts like Brazil and Israel to join. Since all of these countries seek U.S. aid and technology, further delivery of such assistance could be made contingent on participation in the MTCR. Another multilateral approach would be for the United States and the Soviet Union to arrange quadrilateral talks with regional allies, e.g., Syria and Israel. These countries might find the prospect of agreement more attractive if it involved a mutual reduction in missile technology transfer and if the two superpowers agreed to cooperate in preventing aggressive action by their respective clients.

A bilateral approach also suggests itself. The U.S. and the Soviet Union might, for example, resume and expand the Conventional Arms Transfer (CATT) Talks, which were suspended by President Carter in 1979. While no treaty documents were ever produced, CATT negotiators reached agreement on many elements of nomenclature, scope, and applicability, the restoration of which could save many months of future consultations.

An Arab-Israeli Settlement
The Holy Grail of superpower cooperation in the Middle East is, of course, the achievement of some kind of Arab-Israeli settlement and the erection of a complementary regional security structure. In a meeting with Foreign Minister Shevardnadze last September in Moscow, Secretary Baker commented that such a security arrangement might possibly involve both the U.S. and the USSR. He was clear, however, that such an arrangement would not be a formal alliance in the NATO mold. The ambiguity of Baker’s statements tends to foster the suspicion that the superpowers themselves
lack a clear idea of what this arrangement would look like. Perhaps there is simply no urgency for clarity, given the pessimism felt by both the U.S. and the USSR about the short-term prospects for a resolution of the Arab-Israeli conflict.  

Still, it is possible to guess about the security guarantees that the superpowers would attach to some future settlement. Assuming that Syria and Israel would be the major regional powers involved in a settlement, the superpowers could provide these countries with assurances based roughly on the ones given to Israel by the U.S. after the signing of the 1979 Israeli-Egyptian treaty. For example, the superpowers could pledge that if the settlement were about to be violated, they would consult with the concerned parties about measures to halt or prevent the violation. They would then take appropriate remedial actions, including diplomatic, economic, and military measures. To be more specific, Moscow could assure Syria that if it were attacked or its ports blockaded, the Soviet Union would act to strengthen its own presence in the area and to provide emergency supplies to Syria. Second, the Soviet Union could promise to undertake maritime exercises and to support Syria’s right to navigation and airspace throughout the Eastern Mediterranean. Third, the Soviets could respond to the specific military and economic assistance requirements of Syria. Fourth, Moscow could pledge to supply Syria with enough oil to meet all its normal requirements for domestic consumption if, for some reason, its normal supplies were cut off. Lastly, the Soviet Union could oppose any efforts in the UN to block its recourse to these actions. The United States, for its part, could give the same assurances to Israel.

If the superpowers have been vague about a regional security arrangement, they have been absolutely opaque about the final status of the occupied territories. But whether the Palestinians are accorded their own state, a homeland, or a special association with a neighboring country, there are still ways that the U.S. and the USSR could cooperatively protect the arrangement. For example, Soviet and American diplomats could encourage Israel and the Arab states to treat the Palestinians in much the same way that the superpowers treated Austria during the Cold War. The Soviet Union and the U.S. could also contribute troops to a United Nations force that would be placed in the West Bank and the Gaza Strip, much like the observer units that were proposed to the UN Security Council in November 1990. This arrangement, however, would have to allow for the eventual creation of a Palestinian domestic security force. One reason is that Palestine would likely become a center for tourism and pilgrimage for Diaspora Palestinians, Arabs, Jews, and Christians. Relying upon borrowed military personnel to maintain order in the midst of this influx would eventually prove impractical.
Conclusion
It was asked earlier if the suggestion made by President Bush at Helsinki about possible superpower cooperation in the Middle East was realistic. Given the changes in Soviet Middle Eastern policy brought about by Gorbachev, this question can apparently be answered in the affirmative. Moreover, cooperation would likely prove fruitful on a number of regional issues, though on some issues the fruit would be a long time coming. The allied success in the Gulf war was an instructive example of the potential usefulness of a Soviet-American understanding in the region. In the words of Foreign Minister Bessmertnykh, "What matters most is that the U.S.-Soviet relationship has gone through a very difficult test and passed the test, and this opens reliable prospects for future developments."36

There is one danger associated with superpower cooperation, however, which is not often discussed. This is the possibility that cooperation will come at the expense of the Palestinians. For years the Soviets trumpeted the Palestinian issue, not only because it united (at least publicly) the Arab world, but also because it was the issue on which the U.S. was most vulnerable. Subsequent to the breakdown of Soviet-Egyptian relations in the mid-1970s, therefore, the Soviets reasoned that it was the Palestinians who could provide them with an "in" to the peace process. Since it now seems that the Soviets may enter this process through the generosity of President Bush and through the resumption of relations with Israel, one has to wonder whether the Palestinians will be abandoned to their own devices. Some would argue that the delay in the restoration of Israeli-Soviet relations bespeaks an enduring Soviet concern for the Palestinian problem. Nonetheless, a settlement negotiated with Moscow's participation and one which limited American hegemony may, according to Galia Golan, be "sufficiently important to the Soviets to justify compromise on the Palestinian issue."37 The grand irony, then, about Soviet-American cooperation in the Middle East is that the occupied territories may be one area where it is resented.

Notes
7. Ibid., p. 261.
12. Ibid., p. 306.
15. Ibid., p. 311.
19. FBIS, p. 5.
22. Ibid., p. 10.
27. Breslauer, p. 312.
33. FBIS, p. ii.
34. Congressional Quarterly, p. 53.
36. Friedman, p. Al.
37. Breslauer, p. 72.
Man, The State, and International Politics: A Reconsideration of Rousseau

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Abstract
Among the political philosophers who appear in the bibliographies of international relations, Rousseau is perhaps the most superficially read and least understood. Illustrative of both of these contentions has been the work of Kenneth Waltz, whose major theoretical contributions draw extensively on Rousseau's political writings. However, Waltz's interpretation of Rousseau is fundamentally misconceived. In focusing narrowly on those aspects of Rousseau's approach to IR that emphasize structural causes, and in misreading Rousseau's intricate and highly novel treatment of interdependence, Waltz has recreated Rousseau in his own likeness and image, as a structural realist with a view toward interdependence as a key source of conflict among states. The effort to locate the true relevance of Rousseau's political philosophy in the study of IR and to move the evolving critique of Theory of International Politics to higher levels must begin by clarifying the senses in which Waltz's assumptions have been mistakenly drawn from a cursory reading of Rousseau.

Introduction
Among the political philosophers who appear in the bibliographies of international relations (IR), Jean-Jacques Rousseau is perhaps the least understood. In the theoretical literature in IR, Rousseau is generally portrayed as an adherent to the so-called "realist" or "classical" paradigm. Holsti, for example, includes Rousseau among those who have contributed to this paradigm, which focuses on the plight of states as they seek to survive under the harsh conditions of international anarchy. Because of the lack of a central authority in the international milieu, states are forced to define their interests in terms of power. The "pessimist" Rousseau is often seen as an archetypical articulator of this approach to international affairs. However, Rousseau is not among the scholars most frequently cited in historiographies of realism, and although some aspects of Rousseau's system of thought have captured wider attention, the whole of his political theory has not assumed a central analytical role in the field of IR.

An important exception to this general rule has been the work of Kenneth Waltz. Waltz's two major theoretical contributions, Man, the State and War, and Theory of International Politics, focus extensively on the political writings of Rousseau. Waltz's scholarship has been, in fact, elegantly cumulative, since the interpretation of Rousseau that he constructs in Man, the State and War, provides an important assumptional basis for many of the key arguments set forth 20 years later in Theory of International Politics. Rather than playing a limited role, Rousseau's political theory is among the centerpieces of Waltz's analysis.

Waltz derives two interrelated conclusions regarding Rousseau's theory of international relations. First, Waltz argues—most explicitly in Man, the State and War but also implicitly in Theory of International Politics—that Rousseau's political philosophy places him firmly within the realm of "third image" theorists of international relations. That is, Waltz sees Rousseau's approach as one that focuses on the structure of the international system in explaining international politics, and not on the structure of states ("2nd image") or on human motivation or psychology ("1st image"). Second, Waltz derives from Rousseau the argument—most prominent in Theory of International Politics—that interdependence is among the direct systemic causes of war and conflict in the relations between states. This essay is intended to show that both of these conclusions are misconceived and that in essence, Waltz has recreated Rousseau in his own likeness and image.

A close analysis of three aspects of Rousseau's work will provide the foundation for this argument. First, I explore Rousseau's theory of the causes of war to show its essentially "inside-out" or unit-level character. Second, I discuss the "plan for peace" inherent in Rousseau's writings as a further illustration of the "reductionist" character of Rousseau's theory of international relations. Finally, I examine Rousseau's writings on interde-
The essay concludes with a discussion of the implications of Waltz's Rousseauian model in light of current developments in world politics. Indeed, the significance of Waltz's folly goes far beyond the rather empty realm of competing interpretations of an antiquated text. Because Waltz's *Theory of International Politics* has achieved a nearly unparalleled status in the field of IR (in terms of the frequency with which it is cited and the automaticity with which it appears on course syllabi), his theory has played a central role in the theoretical development of the discipline. Moreover, Waltz's theory has evolved into a form of dogma that tends to pervade the way students and scholars think about international politics. If we begin with the wrong assumptions, however, we ask the wrong questions and derive the wrong predictions. Thus, the effort to move the evolving critique of *Theory of International Politics* to higher levels must begin by illuminating the senses in which Waltz's assumptions have been inadequately drawn from a superficial reading of Rousseau.

**The Theory of *Theory of International Politics***

Before it is possible to understand the ways in which Waltz's theory derives from a misconceived reading of Rousseau, it is necessary to examine the central theoretical principles upon which *Theory of International Politics* is based. Waltz claims that theories of international politics that focus their primary causal arguments at the level of the state or the individual are reductionist theories that explain phenomena in an "inside-out" fashion. That is, by seeking to explain the system by describing the units within it, reductionist theories lack the required comprehensiveness an adequate theory of international politics. In sum, "the whole cannot be known through the study of its parts".

Instead, Waltz believes that a comprehensive theory of international politics should provide explanations and predictions at the level of the international system. Thus, a systemic theory of international politics is based, according to Waltz, on an analysis of the consequences arising from the "framework of state action". The framework or structure of an international system is defined by its ordering principle. Since the beginning of the modern states system, Waltz argues, the ordering principle of all international systems has been anarchy or the absence of central authority. States (as opposed to individuals in society) compensate for the lack of central authority by defining their interests in terms of the balance of power. Accordingly, anarchy means that the system assumes a self-help nature by definition. Furthermore, the self-help principle, Waltz argues, applies to all states in the system, thus rendering them functionally similar in that they all share the will to survive.
Several axioms and conclusions flow logically from Waltz's basic principles. The balance of power, in Waltz's model, is a function of the distribution of capabilities across the major states and the lack of central authority in the international system. An important implication of his theory is that the freedom of choice of any one state is limited by the actions of the others in the system; whenever one unit in the system makes it clear that it will not pursue a "pacifist" strategy, others are forced to follow suit. Therefore, in an international system in which there is no authority to prevent the use of force, force necessarily becomes the conduit through which the processes of international politics unfold. Stability and instability in Waltz's international system are thus a declared function of the absence or presence (respectively) of war among the system's major powers.

Waltz identifies several factors that are important for predicting and explaining the causes of war and the conditions of peace among the units of a system. For example, contrary to what is commonly assumed, interdependence between states raises the prospect for conflict and hastens the occasion for war. "The fiercest civil wars and the bloodiest international ones," Waltz writes, "are fought within areas populated by highly similar people whose affairs are closely knit ... it is impossible to get a war going unless the participants are linked." As a result of this dynamic, according to Waltz, interrelationships and mutual dependencies lead each state to watch the others with wariness and suspicion, while a measure of self-sufficiency and the possession of great capabilities insulate a state from the bad effects of interdependence. Thus, a simple premise of Waltz's theory is that the higher the interdependence between great powers, the greater is the chance for war among them and for instability in the international system. Increased interdependence leads to an increased need for the management of collective affairs, Waltz argues, but it does not produce a manager capable of doing it. Under conditions of interdependence, then, conflict tends to arise in the absence of supranational bodies.

Compounding this problem, according to Waltz, anarchy in an international system tends to be self-perpetuating, since no major state will be willing to surrender its autonomy or ability to protect itself while the system remains one of self-help. Because world government is impossible, international stability is best perpetuated when two superpowers maintain their self-sufficiency so that the condition of equilibrium at a low level of interdependence remains in place. Under these conditions, there is the highest likelihood that the superpowers will be able constructively to manage international affairs.

Waltz on Rousseau on International Politics
Waltz's theory is explicitly and implicitly derivative of the political philosophy of Rousseau. In *Man, the State and War*, Waltz presents Rousseau as
more or less the quintessence of the type of systemic, "realist" approach that is the focus of much of that book and that he later synthesizes into a more self-consciously scientific formulation in Theory of International Politics. More specifically, it is in Waltz's earlier work where the third image or systemic imperative is initiated, and where Waltz establishes the foundations of his assessment of interdependence in world politics.

Drawing largely on Rousseau’s Discourse on the Origins of Inequality (Inequality), Waltz recreates Rousseau’s views on the causes of conflict among men and in the relations between states. It is in this work that Rousseau launches the analysis—one that is further developed in numerous subsequent works—of the discrepancy between man in nature and man in society. In Rousseau’s Inequality, Waltz discovers the theoretical power of the notion that social activity is inherently conflictual. According to Waltz, Rousseau imagines how men tend to behave as they begin to depend on one another to meet daily needs. As long as each provides for his own wants, there can be no conflict. However, when the combination of natural obstacles and the growth in population makes cooperation necessary, conflict ensues.

But such conflict arises, Waltz’s interpretation of Rousseau continues, not because of any inherent deficiencies or imperfections in man; the difficulty is not in the actors but in the situations they face. Since the world cannot be defined in terms of perfection, Waltz concludes from Rousseau, and "...since men are not perfectly rational, conflict among them is not a problem that can be resolved by changing men". Thus Waltz interprets Rousseau as arguing that if one wishes to explain the causes of conflict among men, one must focus on the context within which their relations unfold. The nature of the actors themselves remains unproblematic and not directly related to the causes of the phenomena that one wishes to explain, the relations among them.

Significantly, Waltz sees Rousseau’s analysis of conflict among men as perfectly analogous to the nature of conflict among states. Shifting his focus to Rousseau’s Social Contract, his unfinished work, “The State of War,” and his “Summary and Critique” of St. Pierre’s peace plan, Waltz interprets Rousseau’s analysis of the state to allow the conclusion that states act either actually or functionally as unified bodies, and that in times of crisis, all states will share the will to defend their borders and to continue existing as autonomous polities. Thus, it is in Rousseau’s political theory that Waltz derives the assumption that states—like individuals—can be thought of as both undifferentiated and unproblematic.

Hence, Waltz encounters in Rousseau an important proponent of a third image approach to international politics. Rousseau is said to find the causes of war neither in men nor in the states that they create, but in the states system itself. In accordance with this position, Waltz specifically rejects the contention that a significant component of Rousseau’s political philosophy
might posit an inside-out or reductionist causality. In response to Hoffmann's interpretation of Rousseau, Waltz states that

...so profound is Hoffmann's commitment to inside-out explanations that he recasts even Rousseau in his own image. Pre-eminently among political theorists, Rousseau emphasized the impossibility of inferring outcomes from observations of participants' attributes and behavior...the context must always be considered for the context affects attributes and purposes and alters outcomes.

Waltz carries this argument further, arguing that

...when Rousseau indicates a hope for peace among highly self-sufficient states having little contact with each other, Hoffmann attributes to Rousseau the notion that the internal qualities of states would be the cause of peace among them. *Rousseau is instead giving an environmental explanation: states can experience little conflict if they are only distantly related to one another* (emphasis added).

This trenchant critique of Hoffmann is illustrative of Waltz's systemic interpretation of Rousseau.

But while systemic anarchy is the permissive cause of war in Waltz's analysis, interdependence is among the primary necessary causes, a theme also developed initially through Waltz's reading of Rousseau in *Man, the State and War*. As with his discourse on the inherently conflictual nature of social activity, Rousseau begins his analysis of interdependence, according to Waltz, by imagining how men must have behaved as they began to depend on one another to meet their daily needs. As long as each individual provides for his own wants, the conditions that create the seeds of conflict are not present, but whenever the combination of natural obstacles and a growth in population make cooperation necessary, men lose their natural freedom and conflict arises.

Analogously, the growth of the international system brings about mutual dependencies among states, in much same way as the creation of civil society effects an interdependence among men, according to Waltz. When this realization is combined with the lack of central authority in such a system, "...everyone, having no guarantee that he can avoid war, is anxious to begin it at the moment that suits his own survival interests." According to Waltz, then, a key assumption for Rousseau was that the very absence of an authority with the capability to prevent and adjust conflicts itself creates insecurity and interdependence among states, making war inevitable. Because the states of Europe
touch each other at so many points that no one of them can move without
giving a jar to the rest—their variances are all the more deadly, as their ties are
more closely woven ... thus they must inevitably fall into quarrels and
dissensions at the first changes that come about.

The contention that interdependence (a sufficient cause) under conditions
of anarchy (the permissive or necessary cause) combine to produce inter­
state wars is among the most important conclusions that Waltz divines from
his reading of Rousseau.25

It is difficult to misinterpret the role of Rousseau’s political theory in the
development of Waltz’s own thinking. Rousseau implicitly provides much
of the assumptional core of Theory of International Politics and explicitly serves
as a prototypical champion of third image theories of international relations
and of pessimistic, anti-liberal conceptions of interdependence. Through
the influence of Waltz, Rousseau must be seen as a significant contributor
to the development of a structural realist theory of international politics.

Rousseau Reconsidered
As Hybel and Jacobsen have noted, international relations theorists are not
necessarily good students of political philosophy, and their interpretations
of traditional texts are in many ways superficial. Indeed, IR theorists tend
to refer to the classics often as an afterthought, “...as if [they] are trying to
convey the impression ... that [they] are not as uneducated as [they] might
seem”.26 That this axiom is especially true where Rousseau is concerned is
a fact that makes Waltz’s analysis all the more central to a reconsideration
of Rousseau’s political philosophy.

Waltz’s reading of Rousseau is particularly open to challenge regarding
the two conclusions already emphasized: 1) that Rousseau’s theory of
international politics constitutes a third image approach, and 2) that within
Rousseau’s political theory is the argument that interdependence “raises
the prospect for conflict among states” and is a systemic cause of interstate
war. In this section of the essay, I examine the first of the three aspects
outlined at the outset: Rousseau’s theory of the causes of war. Subsequently,
I analyze Rousseau’s plan for peace as a key illustration of the second image
nature of his causal theory. Thereafter, I try to refine our understanding of
Rousseau’s theory of international interdependence.

The ‘Second Image’ of Jean Jacques Rousseau
Although many scholars of political theory have pointed out the ways in
which Rousseau’s political theory lacks consistency, it is clear—contrary to
Waltz’s bold assertions—that Rousseau’s theory of international relations
is utterly consistent in its reductionism.27 In Waltz’s understanding, systems
theories or third image approaches are those that analyze the behavior of parts (or predict the value of the dependent variables) by defining the whole. Reductionist theories do the opposite; they define the whole through a careful description of the parts. This reductionist element is evident throughout Rousseau’s important writings on war and foreign affairs, such as “The State of War,” and his “Summary and Critique” of St. Pierre’s peace plan, as well as in his primary essays on civil society, *Discourse on the Origins of Inequality*, and *Social Contract*, and in his constitutional project for Poland.

A key expression of this reductionism is Rousseau’s unfinished manuscript, “The State of War.” Indeed, the pivotal point of this work is that in order to understand the causes of war, it is necessary to “...examine closely the way political bodies are constituted.” 28 Although it would be simple enough to represent Rousseau’s reductionism by quoting this statement and many others like it throughout his writings, it is crucial to demonstrate clearly that an inside-out or sub-systemic theory is central to Rousseau’s political philosophy.

In “War,” Rousseau develops a line of argument—begun in *Inequality*—regarding the peculiar nature of the state and the fundamental differences between the individual in the state of nature on the one hand, and the state in an international state of nature on the other. The state of war, Rousseau proposes, is not natural to man, but it *is* natural to states. That is, men introduce international wars out of their precautions to assure domestic peace. Hence, the way states are constructed gives them the tendency to be naturally warlike.

What factors cause the natural conditions of states to be so radically different from those of men? Because humans are organic bodies, Rousseau argues, their faculties are limited and fixed by nature. Moreover, men’s component parts (i.e., their organs, extremities, sinews, etc.), will not divide from the body. Given the peace and harmony within the body and the lack of possibility for growth beyond a finite maximum, “savage man” wants only those things needed for subsistence and is “...inclined to rest when satiated”. These factors mean that there is no necessary conflict of interest between men since their interests are greatly limited in a state of nature.

The state, on the other hand, is by definition an artificial body with no naturally fixed or proper size. Its power and size being purely relative, it ceaselessly compares itself to other states and necessarily feels weaker when other states are stronger. Moreover, since it is a synthetic entity consisting of individuals made greedy and envious by society, the constant pressures of friction and fissure within society make outward aggressiveness predictable. It is through these constructs that Rousseau establishes a clear distinction between man in a state of nature and the state in an international state of nature. This distinction—rooted in man’s original or natural possession of *amour de soi* as opposed to the state’s original or natural
possession of *amour propre*—is important in that it serves as one of the prime analytical bases of Rousseau’s reductionist theory of the causes of war, thereby constituting a stark contrast to Waltz’s outside-in or structural theory in general, and to his conceptions of the state as an unproblematic, undifferentiated unit. In short, because natural man possesses the *amour de soi* that the state initially does not, the state of nature of men and the state of nature of states are not—contrary to Waltz’s assumption—readily analogous.

Thus, the essence of Rousseau’s argument in “War” is that the state tends to be an inherently insecure, envious, and warlike entity for two fundamental reasons. First, the artificial nature of the state automatically imbues it with instability and the inherent drive to define its interest in terms of relative power. Because the state in an international state of nature is by definition the product of social innovation, it is from the beginning consumed by *amour propre*, a competitive greed and a need to compare itself to others. By contrast, man in a state of nature, because of his physical capacity for self-sufficiency, is dominated by *amour de soi*, or a healthy need for self-preservation, which, combined with a modesty and timidity, creates in him a natural peacefulness. Only when man joins society does his *amour de soi* degenerate into the *amour propre* that then pervades the state from the first minute of its existence.

The second reason, according to Rousseau, for the inherent war-proneness of states is related to the corruption and depravity that visit natural man after his entry into society. This becomes manifested in the social and political structures of domestic society that place war firmly within the narrow interests of important sectors of the state’s political machinery. It is on the basis of this reasoning that Rousseau, in his “Critique” of St. Pierre’s plan for perpetual peace, explains why states tend toward war and why they will not yield to any supranational bodies.

Although the utility of St. Pierre’s scheme was for Rousseau indisputable, equally clear in his mind was the realization that the princes of Europe would never allow it to become a reality. Why, in Rousseau’s view, did princes so obviously neglect their own self-interest? The whole preoccupation of kings or of those to whom they delegate their duties, he argued, centered solely on two objectives: to extend domination outside their borders and to make it more absolute within them. Since any confederation or accompanying loss of autonomy would hinder their ability to achieve these ends, Rousseau reasoned, princes could not be expected to allow the installation of a peace plan that would diminish that autonomy.

In “Critique” Rousseau establishes a direct connection between the depravity of individuals within states and the tendency toward war between states.

Ministers need war to make themselves necessary and to precipitate the
prince into crises that he cannot get out of without them and to cause the loss of the state rather than lose their jobs; they need wars to harass the people in the guise of public safety, to find work for their protégés, to make money on the markets and to form a thousand corrupt monopolies in secret.

In considering the great advantages that would result from a general perpetual peace, “being common to all they would not be relative to anyone.” “Hence, we may not say that [St. Pierre’s system] has not been adopted because it is not good, but because it was too good to be adopted, seeing as special interests are almost always opposed to it”.

Moreover, Rousseau was among the first to perceive and analyze in a systematic (though polemical) fashion the direct relationship between domestic structures and foreign policy, the second image notion of causality that is largely antithetical to Waltz’s brand of structuralism. Princes, Rousseau lamented, made at least as much war against their own people as they did against their foreign enemies. Thus, war was merely a useful method for squelching domestic complaints and weakening the positions of unruly subjects by focusing citizens’ aggressions on largely manufactured or “conventional” security fears of the state. A necessary ingredient for keeping citizens in check was a large army. To justify the large armies, a continuous succession of foreign wars had to be waged. The cycle of needing foreign wars to maintain domestic order—clearly a second image proposition—was vicious and self-perpetuating.³²

For Rousseau, theory entailed the unending struggle to show how _amour de soi_ is bolstered in men and in states as _amour propre_ is subjugated. Yet, Waltz’s view of the essence of Rousseau’s theory is that war occurs because there is nothing at the level of the international system to prevent it. Just as violence among men does not derive from their nature, conflict among states is not a function of the nature of state, but of the states system itself. Since, according to Waltz, states are unproblematic, it can be assumed that the condition of anarchy prevents them from relinquishing their self-help abilities for fear that not all states will do the same. Since the inevitability of war results from the lack of central authority, the cause of war is seen to lie at the level of the international system.

But far from being the natural outgrowth of the “nasty and brutish” life in the international system³³, war between states, for Rousseau, is purely conventional. The outbreak of war is determined, in Rousseau’s analysis, not by the absence of central authority in the international arena—as Waltz would have it—but by the _amour propre_ of men in society that creates the same condition in states in an international state of nature. As Rousseau argues in his primary work on international relations, the way a state conducts itself in the world indicates something about the basic nature and
makeup of the states themselves.\textsuperscript{34} In sum, it is plain that Rousseau’s pointed critique of world politics and his model of states in conflict derive, as Hoffmann argues, “...from his most fundamental notions about man and society”.\textsuperscript{35}

\textbf{Rousseau’s Plan for Peace}

Rousseau’s notions of how war can be avoided flow logically from his inside-out theory of war. For Waltz, an important piece of evidence for a third image reading of Rousseau stems from Rousseau’s critique of the Abbé de St. Pierre’s peace plan. More specifically, Waltz takes Rousseau’s attack on St. Pierre’s confederal solution to mean that war is inevitable in the absence of central authority, a systems-level proposition. Hence, a critical step in the critique of Waltz’s third image interpretation and a necessary ingredient of any 2nd image reading of Rousseau is a discussion of the plan for peace embedded in Rousseau’s system of thought.

In contrast to Waltz’s propositions, Rousseau’s view of why world government is impossible is not a systemic analysis at all. In “Critique” Rousseau argues that the \textit{amour propre} that society brings to men and that therefore characterizes the state in an aggregate sense, causes princes to think in terms of their “apparent” rather than their “real” interests, compelling them to resist confederal solutions. Furthermore, the essential difference between the natural dispositions of men and states means that while the building of central authority \textit{is} an effective method for establishing peace among men, there is no reason to expect that the same solution is either desirable or effective for creating lasting peace among states.\textsuperscript{36} It is the absence of this original \textit{amour de soi} in states that, in Rousseau’s analysis, disallows the achievement of a general will of humanity and precludes central governance of nations. Hence, Rousseau’s critique of St. Pierre and his view of why anarchy perpetuates exhibit a clear 2nd image character.

Therefore, it is impossible to account for the perpetuation of anarchy in Rousseau’s political theory without assuming the problematic nature of the states that take part in the anarchic system of international politics. That is, world government is not a viable solution in Rousseau’s analysis exactly because he sees the cause of the malady in men (in society) and states. Political societies are warlike because of the way they gradually stifle and submerge \textit{amour de soi} and bring out \textit{amour propre}. Because of the \textit{amour propre} caused by social interaction, states are unwilling to entrust their security to world governments. Furthermore, if states were sufficiently reformed to make the adoption of a federal or confederal plan possible, as Hoffmann points out, there would be no need for it since states would be unambitious and inherently peaceful.\textsuperscript{37} Armed with the assumption that “individuals and states are capable of moral development”, Rousseau sets out to specify
the means by which appropriate self-love can be engendered among men and among states. These are the bases of Rousseau’s examination of the conditions for peace.

Rousseau wrote that “...once the causes of an evil are known, they are sufficient to indicate a remedy if one exists”. Because Rousseau’s theory of international politics is not primarily an environmental one, the remedies that he outlines in his political works do not focus on the systemic causes of war. The following passage is illustrative of this proposition.

Let us enlighten his reason with new knowledge, let us warm his heart with new feelings; let him learn to multiply his being and felicity by sharing them with his fellows ... I do not doubt that if he has a strong soul and an upright mind, this enemy of the human race will finally abjure his hatred together with his error; reason, which led him astray, will bring him back to humanity; he will learn to prefer to his apparent interest his interest properly understood; he will become good, virtuous and compassionate. In short, this man who wanted to be a fierce brigand will become the most firm support of a well-ordered society.

The “new knowledge” that Rousseau seeks to communicate appears in *Inequality*, “War,” and “Critique;” it is implicit in his theory of the ideal civil society in the *Social Contract*, but especially manifest in his constitutional project for *Poland*.

*Social Contract* is not among Rousseau’s chief writings on international relations. In fact, it seems to have been fairly clear in Rousseau’s mind that the conditions that must be met in domestic society for the establishment of the good constitution (as described in *Social Contract*) are present neither in most domestic societies nor in international society. As Kendall writes,

...the central theme of the *Social Contract*...is the idea that man can be moral and free only in a self-contained community small enough to enable the citizens to meet and deliberate together in an assembly ... because only in such a community is it possible for the citizens to arrive at a ‘general will.’

Hence, it is clear that the procedural requirements for the realization of a general will of all of humanity are impracticable in an international context. Nevertheless, there is the recognition, as Roosevelt points out, that as individual liberty and self-preservation are assured by the protection of the social contract in domestic society, our natural pity and compassion (*amour de soi*) are no longer repressed by a fear and envy of our neighbors and we can feel free to be civil to foreigners. Thus, the core of Rousseau’s ideas on international politics (written largely prior to *The Social Contract*) is reflected here in the relationship between the development of more accommodating
and peaceful relations between states and the fostering of responsible political life within states.\textsuperscript{43}

\textbf{Rousseau on Interdependence}

As opposed to his view of Rousseau as a third image theorist, Waltz's recollection of Rousseau's theory of interdependence is rather more simplistic and superficial than it is directly incorrect. In fact, among the propositions most widely attributed to Rousseau is that interdependence leads to conflict among states. Few have disputed the validity of Waltz's interpretations, partly because it is a commonly held view, and partly because Rousseau is among the least read of the political philosophers who appear in bibliographies of the field. In sum, there is an ample supply of passages that seem to show, in Rousseau's political philosophy, a causal linkage between interdependence and war among states.

The central elements of this interpretation have been outlined above but warrant a brief recapitulation here. In nature, man enjoys liberty because he is completely self-sufficient; primitive man has few ideas, few needs, and few fears. Natural man is independent and essentially peaceful. Society, then, corrupts natural man because in it he is necessarily robbed of his independence. As populations grow dwellers create divisions of labor, and "from the first formed society, all others follow, and the whole face of the earth is changed as independence and liberty give way to laws and slavery." The surpluses created by society awaken greed, \textit{amour de soi} degenerates into \textit{amour propre}.

Only after man in nature associates with one man does he determine to kill another; he only becomes a soldier after he becomes a citizen.\textsuperscript{44} Thus, association before the establishment of a good constitution brings greed and makes men dependent upon one another to meet those newly expanded needs. Put in Rousseau's own words,

\begin{quote}
...our needs bring us together in proportion as our passions divide us, and the more we become enemies of our fellow men, the less we can do without them ... such are the bonds of general society; such are the foundations of universal will. It is greed that engenders dependence ... the dynamics of greed and dependence have important consequences for social life ... for at the same time we are drawn toward others to gain their assistance in satisfying our needs, so our association with them breeds envy and competition; with dependency comes resentment.\textsuperscript{45}
\end{quote}

To summarize, society corrupts men and creates in them the propensity to do violence against each other. Social association between previously independent individuals establishes the expansion of wants beyond needs, which creates interdependence, which then leads to conflict among men
in *de facto* political society. The cure for this condition, as outlined in *Social Contract*, is to establish a constitution that can simulate the independence and liberty of the state of nature, while at the same time providing a framework wherein individuals will identify their own interests with the general will, thus creating an equal and peaceful order.

This general view of Rousseau's conception of interdependence is well established. Rousseau's utter disdain for all of the societally created mechanisms that reduce the self-reliance of individuals is indisputable. What becomes distorted by Waltz, however, is the relationship between Rousseau's analysis of the interdependence between individuals and his treatment of interdependence between states.

Clearly, again there is some textual support for the Waltzian interpretation. In "The State of War," Rousseau seems to draw heavily upon his analysis of conflict between men in analyzing conflict between states; he rejects classical liberal notions about the relationship between interstate commerce and peace. He exudes a fundamental distrust of international interconnections that—as Hoffmann points out—runs through *The Social Contract*, *Inequality*, and projects for Poland and Corsica.\(^46\) Rousseau lamented the entanglements, dependencies, and inequalities he saw among the states of Europe, and dreaded the consequences of these factors. Rousseau consciously attempted to set himself apart from Adam Smith and Immanuel Kant, who argued that international trade could lead to peace.\(^47\) Just as he saw the lack of self-sufficiency among individuals as an unfortunate development, the same condition among states was to be avoided, if possible.

It is from these texts that Waltz retrieves his anti-liberal, systemic derivation of interdependence theory. But, as demonstrated above, a careful analysis of Rousseau's political theory reveals that—logically—interdependence cannot be seen as either the cause of war or as a systems-level constituent. While in Rousseau's imagery, "natural man" is free and completely self-sufficient, the same cannot be said of the "natural state." On the contrary, states are naturally, inherently dependent. Since states are artificial bodies, there is no natural correspondence between their capabilities and their designs. Hence, by their very nature, states must depend on, compare themselves with, and have complex interconnections to, other states in the system.

Where individuals are concerned, the fact of association causes the loss of self-sufficiency, which then becomes related to a series of maladies that leads directly to conflagrations among men. Among individuals, the cause of conflict lies in the very structure of social interaction, because the very fact of social interaction causes necessary, essential changes within men that make them socially warlike even though they used to be naturally peaceful. Among states, on the other hand, the cause of conflict lies not in the structure
of social interaction, but in the inherent dependency of states and the *amour propre* that follows from it. That is, the "natural state" (as opposed to the "natural man") possesses the prerequisites of warlike behavior *independent of the system within which it operates*. For these reasons, the state of nature of men and the state of nature of states are, in fact, significantly different.

Waltz and others, therefore, make the crucial mistake of equating Rousseau's analysis of men in nature with his theory of the behavior of states in nature. The fundamental dissimilarity between man in nature and the state in nature comes through clearly in Rousseau's political theory. Since the correspondence between Rousseau's analysis of conflict among men and war among states is limited, there is little reason to expect a direct relationship between his analyses of interdependence in these two spheres.

Upon even closer analysis, it becomes clear that Waltz's Rousseauian theory of interdependence lacks external as well as internal validity. Rousseau's state theory is quite unambiguous in its conviction that dependence is inherent to all states. Assuming this, the causal connection—inferrred by Waltz—between interdependence and war becomes tautological. If all states systems, in Rousseau's view, exist in a state of war, and if all of them are characterized by mutual dependencies and interconnections, then interdependence explains little of the variance. Even in Rousseau's theory of conflict among men, interdependence is derivative, i.e., social association leads to interdependence that leads to conflict. But in terms of the behavior of states, interdependence (or mutual dependence) obtains from the nature of states, and is therefore more effect than cause. Waltz confuses Rousseau's disdain for modern society with the argument that interdependence between states is a cause of war. However, it is not the interdependence that causes war, but rather the moral corruption inherent in states that itself leads to the condition of dependence in the first place. Interdependence is at most an intervening variable in Rousseau's theory of war.

Waltz's effort to circumvent this difficulty merely leads to other difficulties. In Waltz's theory, interdependence hastens the occasion for war, except when interdependence between states is low as the number of units in the system is reduced. Thus, it is beneficial for the major states in a given system to maintain their large capabilities and self-sufficiency to enhance stability. As Waltz states,

...the narrow concentration of power, which is implied in lessened interdependence, gives to the small number of states at the top of the pyramid of power, both a larger interest in exercising control and a greater capacity to do so. The size of the two great powers [the U.S. and the Soviet Union] gives them some capacity for control and at the same time insulates them to a considerable extent from the effects of other states' behavior.48
The problems here number two. First, if interdependence is, as Waltz contends, a systems-level phenomenon, then it should be impossible to discern variations in systemic interdependence based on an observation of the capabilities of individual units. By dwelling on variables such as the size and power of units in the system, Waltz descends to the reductionism that he attempts to avoid. Since self-sufficiency is a unit-level variable, interdependence itself is a systemic phenomenon.

Second, according to Rousseau, true self-sufficiency is a virtual impossibility except in a very few isolated cases. Also, Rousseau seemed to concede that the intertangling and intermeshing of the societies of Europe had progressed far beyond the point of return. He saw, in other words, that modern states could never be truly self-sufficient and that the interconnections between them were more or less permanent. In the absence of a general will of humanity, the only hope was to turn the malevolent interdependence into a benign one, beginning with the creation of good citizens and good societies. Therefore, Rousseau recognized that it was impossible to destroy international interdependence. Instead, he attempted to articulate ways that amour de soi could be favored over the amour propre that interdependence brought about. Soas Roosevelt argues, to counter the wickedness engendered by the dependencies of social life, one finds a theme that unites Rousseau’s educational theory with his political theory and his theory of international relations—the condition of individual solitude and autonomy in men is the condition that is the most conducive to peace. Rather than a systemic factor that determines the conflictual nature of international life, interdependence is a unit-level force, the negative effects of which are avoidable through the efforts of human agency. However, Rousseau cautions,

...if, despite such an effort ...the project remains unfulfilled, it is because men are insane and ... it is a sort of folly to remain wise in the midst of those who are mad.49

Conclusion: Interdependence and the March Toward Doomsday?
In this essay I have challenged the primary assumptions that Waltz derives from Rousseau, focusing generally on questions related to levels of analysis and specifically on the concept of interdependence. The driving force of the discourse has been the incongruity between Waltz’s reading of Rousseau and the alternative reading presented above. More specifically, Rousseau’s political philosophy does not represent the type of structuralism that is manifested in Waltz’s contribution to the literature.

Although full self-sufficiency in all states is impossible, according to Rousseau, it is possible to create in states the relative capacity for peaceful behavior. Rousseau’s reformational and educational projects show that
instead of the systemic determinism that Waltz conjures from his reading of Rousseau, the latter's reductionist political philosophy has an important emancipatory quality. Rousseau is a sort of realist, of course, in that he seeks to show the discrepancy between ideals and realities. But he goes far beyond conventional realist analysis to suggest ways to accomplish a movement towards ideals. And although some ideals are not attainable, it is possible in Rousseau's view to mold individuals and states in ways that make them more peaceful.

Thus, despite the apprehension evident in some of Rousseau's "projects," his solution to the problem of war centered on the establishment of "good societies and good citizens." Since the locus of such movement lies at the individual and state levels, the question is not whether we should consider Rousseau a third image theorist; his political philosophy makes it abundantly clear that he is not. Rather, what we are left to ponder is whether 1st or 2nd image causes are the most important for Rousseau. In this sense, there is a striking irony in Waltz's systemic interpretation of Rousseau.

Furthermore, Waltz's analysis of Rousseau's theory of interdependence and his extension of it in *Theory of International Politics* is cursory and defective. That it is "...impossible to get a war going unless the participants are linked" is not a particularly controversial proposition. Even less defensible is the notion that "...the fiercest civil wars and the bloodiest international ones are fought within areas populated by highly similar people whose affairs are closely knit." Naive inductions such as these belie the deductive imperative upon which Waltz's *Theory of International Politics* is ostensibly erected. But, the greater theoretical significance of Waltz's misreading of Rousseau becomes even clearer when viewing current developments in world politics through the lenses of *Theory of International Politics*. The following brief analysis is meant to show that Waltz's adaptation of Rousseau results in a static and narrow theory of international politics from which inaccurate explanations and conclusions follow.

The recent chain of upheavals beginning in the late 1980s has upset the post-War equilibrium in world politics. Instability in the Soviet Union and the rapid-fire collapse of communist regimes in Eastern Europe have had important consequences for superpower relations, including an expansion of possible bases of common interest, cooperation and intercourse between the Soviet Union and the United States. But while the Soviet Union has lost economic self-sufficiency, the U.S. has at the same time become less economically independent and more vulnerable to disturbances in the global economy. Thus, important changes—perceived and real—in the assumptions of superpower relations have established potential opportunities for political and economic cooperation between the U.S. and the Soviet Union, such as has not been seen since World War II.
What are the implications of such developments as seen from the Rousseau/Waltz perspective of Theory of International Politics? According to Waltz, the likelihood of stability in the international system increases as the number of consequential units in the system decreases. This is so, he argues, because interdependence—an important cause of conflict and instability—decreases as the number of units in the system decreases. Since the lowest number of units in an international system is two, a bipolar system is the most stable configuration. A system in which there are two major blocs, each composed of a great power and a number of lesser satellites and each largely independent of one another, has the maximum stability.

Therefore, to interpret recent developments and predict the future course of events in world politics from Waltz's perspective is relatively simple. At best, the ability of the superpowers to manage international affairs will decrease, and chaos in international relations will grow markedly. At worst, instability and hegemonic war will result. The degree of interchange and enterprise between the superpowers has increased, and the U.S. and the U.S.S.R. are no longer as independent relative to one another (or to the other states in the system) as they once were. There has been no alteration of the ordering principle (there has yet to emerge a central authority), and it still seems fairly unlikely that any change in the identity or number of the superpowers will appear in the near future. But a consequential, relative growth (since, say, the late 1970s) of interconnectedness and interdependence between the U.S. and the Soviet Union and between these countries and all the rest, is indisputable. Theory of International Politics therefore provides a clear picture of what should follow from such developments. The growth of interdependence between the two poles of the bipolar system will destroy the stability of the past 45 years; as the necessary cause of war in the Waltz/Rousseau model (interdependence) combines with the permissive cause of war (anarchy), untoward consequences in superpower relations are likely to ensue. Rather than constituting an encouraging improvement in the relations between former adversaries or any sign of growing harmony among nations, the new interdependence between the U.S. and the Soviet Union, according to Waltz, has to be seen as an ominous and foreboding development.

The influence of Waltz's reading of Rousseau on the theory embedded in Theory of International Politics is particularly evident in these projections. But it is equally evident that Waltz's "Rousseauian" theory of interdependence does not necessarily yield reliable predictions for the future of major power relations. This is so partly because of the inaccuracy of Waltz's interpretation of Rousseau's writings on the concept of interdependence. More importantly, even if we were to accept Waltz's interpretation as wholly credible, a crucial problem would remain: the causal nexus between interdependence and war is anchored in assumptions that may have lost at least some of
their relevance in reference to contemporary international politics. Therefore, while a full analysis is beyond the scope of this essay, it is important to consider the assumptioanal foundations of Waltz's theory of interdependence within this context.

The point to be made here is simple: where the preconditions for the outbreak of war between two or more states do not exist or are weak, there is no or little reason to expect that the growth of interdependence—alone—will cause such preconditions to emerge. More specifically, a direct causal link between interstate interdependence and interstate war presupposes the existence of normative and contextual conditions that permit a relatively smooth and unimpeded unleashing of warfare for the accomplishment of political ends. That is, for any international system in that the strategy of the foreign war is seen by the political elites of a great power as an acceptable means of achieving short-term domestic and international gains vis-a-vis its major rivals (a normative basis for war), and in which there are plenty of willing citizens to tolerate or even fight such wars (a contextual basis for war), it follows—in accordance with Waltz's interpretation of Rousseau—that the closeness of contact brought about by economic interconnectedness and mutual dependencies might constitute at least a permissive cause of war. On the other hand, for any international system in which the norm of war as a means of resolving conflict between major powers no longer holds sway or when contextual conditions do not readily permit the use of war for political ends (for whatever reasons), the deductive linkage between interstate interdependence and interstate war does not obtain.

Put differently, the proposition that a growth of interdependence between major powers enhances the chances for war between them is a cynical and ahistorical construct. It is cynical in the sense that it does not allow for learning or a transformation of norms over time; it is ahistorical in that it does not consider the possibility that consequential changes in the nature of international relations may have fundamentally altered the interdependence calculus. This is not to grant undue credence to classical liberal theories of interdependence which suggest the opposite, that interdependence between states leads to peace, cooperation and stability in world politics. Rather, this is to suggest that the effort to establish the effects of interdependence on interstate relations must coincide with careful considerations of those factors in normative and contextual realms which are likely to influence interdependence outcomes. While the exact nature and structure of interdependence in great power relations in the 1990s and beyond have yet to be specified, such a determination must be a key component of any analysis of interdependence in the modern states system. Waltz's uncritical adaptation of Rousseau's ideas on interdependence represents a clear failure in this regard.

Therefore, an important lesson to be garnered from a reconsideration of
Rousseau has been the realization that when we undertake to conform ancient political theories to the analysis of contemporary conflict, the possibility arises that both the structure and outcomes of international relations may have changed consequentially since such theories were penned. Not unlike many great political philosophers, Rousseau, living in a time of tremendous upheaval and violent conflict, "...endeavored to interpret the logical meaning of events, to forecast the inevitable issues, and to elicit and formulate the rules which, destined henceforth to dominate political action, were then taking shape among the fresh-forming conditions of national life." This, in other words, is to say the obvious: Rousseau's theories and predictions are intrinsically linked to the historical, political, normative and intertextual context within which they were conceived.

Of course, this does nothing to invalidate the whole of Rousseau's political theory for contemporary purposes. On the contrary, many of Rousseau's writings provide useful insights which capture the underlying dynamics of even today's complex world. Still, it remains important at the levels of theory and history to note those contextual changes which may have diminished the relevance of parts of Rousseau's political theory and of Waltz's interpretation of it. The growth of interdependence is not necessarily coterminous with the march towards doomsday, as Waltz's framework predicts. Rather, on the basis of new norms, and international contexts, interdependence may indeed be related to the more benign or even beneficial outcomes which many have foreseen.

Notes


2. The political writings of Rousseau are invoked sometimes in connection with the "stag hunt" metaphor (for example, see Oye, Kenneth, ed., Cooperation Under Anarchy (Princeton: Princeton University Press, 1985), or, as a contribution to the literature on international organizations, Jacobson, Harold, Networks of Interdependence (New York: Alfred A. Knopf, 1984).

3. Important discussions of Rousseau in the literature of international relations are also found in Hinsley, F.H., Power and the Pursuit of Peace: Theory and Practice in International Relations (Boston: Allen and Unwin, 1963) and Hoffmann, Stanley, "Rousseau on War and Peace" in Stanley Hoffman, The State of War (New York: Praeger, 1963).


6. This conclusion alludes to a similar pronouncement made by Waltz in reference to Hoffmann's analysis of Rousseau. See Waltz, Theory, p. 47.

7. Schmookler, A., The Parable of the Tribes, (Berkeley: University of California
In practice, this means that in the 19th century the system consisted of the five European powers, i.e., Great Britain, France, Germany, Austria-Hungary and Russia, whereas the distribution of capabilities in the post-World War II era has dictated that the United States and the Soviet Union are the powers that comprise the international system.

11. In contrast to 19th century Europe, Waltz argues that there is little interconnectedness today between the two superpowers (the U.S. and the U.S.S.R.) and that they are largely unrelated to one another in terms of commerce and finance. Hence, the independence of the superpowers and the relative dependence of the rest of the lesser states on them produces a condition of equilibrium at a low level of interdependence (Waltz, Theory, p. 159).

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24. Rousseau, Inequality.


29. "Amour propre," Rousseau explains in his Discourse on Inequality, "must not be confused with amour de soi ... [which] is a natural feeling which leads every animal to look to its own preservation and which, guided in man by reason and modified by compassion, creates humanity and virtue." "Amour propre," on the other hand,
“is a purely relative and factitious feeling, which arises in the state of society, leads each individual to make more of himself than of any other, causes all the mutual damage men inflict on one another... I maintain that in our primitive condition—in the true state of nature—amour propre did not exist.” See Rousseau, Discourse on the Origin of Inequality, trans. G.D.H. Cole, (London: Everyman’s Library, 1973), p. 66.

32. Ibid., pp. 222, 228, 223.
34. Rousseau, War, p. 187.
35. Hoffmann, p. 318.
36. Rousseau, Critique, p. 221.
37. Hoffman, p. 325.
39. Rousseau, Summary, p. 204.
42. Kendall, p. xxviii.
43. Roosevelt, p. 89.
44. Rousseau, War, pp. 187, 189.
45. From the Geneva Transcript of The Social Contract, as quoted by Roosevelt.
47. Roosevelt, p. 99.
49. Rousseau, Summary, p. 220.
50. As Hoffmann points out, Rousseau recognized that most of the states of his day were too corrupt ever to be capable of applying the principles of the Social Contract, and only a few small nations could be saved, thus not enough to enable a universal peace. The text of the Social Contract itself is replete with discussions of the difficulty in creating the ideal political society that Rousseau proposes. See for example, The Social Contract, Book II, Ch. 10, in which Rousseau says that the various preconditions for the good state are rarely found united, and therefore few states have good constitutions, with the possible exception of Corsica. See Rousseau, The Social Contract, trans. G.D.H. Cole, (London: Everyman’s Library, 1973), p. 203.
52. Waltz, Theory, p. 138.
53. This argument evokes the debate regarding the apparent decline of the U.S. as the world's hegemon. Most participants in the debate agree that at least in relative terms, the U.S. is no longer as self-sufficient as it once was.
54. Mearsheimer has, in fact, made the strongest and most direct statement to this effect. See Mearsheimer, John, "Back to the Future: Instability in Europe After the Cold War," in International Security, vol. 15, no. 1, Summer 1990. According to Mearsheimer's analysis, whereas bipolarity and nuclear weapons have fostered peace between the superpowers over the last 45 years, the demise of the Cold War and the erosion of the bipolar order only increases the chances that war and major crises will occur (p. 52). As Mearsheimer notes, his thinking on bipolarity and stability shares much in common with Waltz's, though the arguments are not identical (p. 14).
55. Factors identified by scholars that are peculiar to the present era of world politics contradictorily generate predictions that range from war being obsolete to war being more likely than ever.
56. Despite the accompanying proliferation of research on this topic, however, there remains little consensus on how properly to define or measure interdependence, or whether interdependence is a source of peaceful cooperation, violent conflict, or something in between.
Charting the ‘Return to Europe’: Or, Can Hungary, Poland, and Czechoslovakia Cooperate?

Patrice M. Dabrowski

Abstract

The democratic revolutions of 1989 and the dissolution of the postwar bipolar world have prompted the search for a framework for a common European home that might include the new democracies of East-Central Europe. This paper examines the positions of Hungary, Poland, and Czechoslovakia—the three former East bloc countries which have made the greatest progress towards adopting market economies—in relation to Western Europe and to the international political economy. The possibility of their “return to Europe” via a regional subgrouping which would enable them to speed economic recovery is considered. In keeping with the normative premise of the paper, Hungary, Poland and Czechoslovakia should form a “Central European Triangle” to represent East-Central Europe in a world where regional blocs provide a much needed degree of leverage for small and otherwise impotent countries. A regional grouping might ease the countries’ transition to the global economy, facilitate internal and external economic integration, distribute and coordinate Western contributions of assistance, and reconstruct their dilapidated infrastructures. The paper examines the historical rela-

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tionship of the three countries with Western Europe as well as the impact of several significant events in the international political economy during 1990 and weighs various scenarios for the countries' reintegration with the West.

No one can remain indifferent in the face of the democratic revolution in Eastern Europe. Everyone, in one way or another, will be affected by it. Not, at least as far as the developed democratic West is concerned, to the point of changing the incumbent order: this revolution does not force others to follow it, but is developing in the directions of values, ideas and forms akin to those of the democratic West. But with the victory of this revolution, new and hitherto inconceivable possibilities are opened up for economic cooperation and economic advancement, for the intermingling of peoples and cultures; and also for a new understanding for everyone of peoples and nations under long-term dictatorships, of the irresistible forces and illusions of revolution.

Milovan Djilas

The Yugoslav communist-turned-dissident Djilas is not impartial, yet his statement does contain several elemental truths about the prospects for change in East-Central Europe and their implications for the West. The incumbent world order is being changed—if not by the East European nations themselves, then by the retrenchment of the communist hegemon which abandoned them to their own devices. By revoking the Brezhnev Doctrine which had legitimized Soviet intervention in Eastern Europe, the USSR has removed the lid of the socialist pressure cooker; the nations of East-Central Europe now race madly in their efforts to “return to Europe,” to a land ruled by Adam Smith’s invisible hand, to political freedom and economic prosperity. Yet these anticipated changes must not be taken for granted. History has not come to an end, as some enthusiastic Westerners would like to believe. While these advocates of economic liberalism may assume that it would suffice to establish Western institutions and let the market determine the rest, scholars such as Polish historian Marcin Krol speak with less euphoria and more caution:

If we are to ponder—and I believe we must—over the future of a liberal Europe, a Europe of Alexis de Tocqueville and Edmund Burke rather than a Europe of Karl Marx and Josef Stalin, then we have to recognize that events left to run their own course, at an uncontrolled pace, will bring East-Central Europe into a crisis emanating from the mutual grievances of impoverished peoples.

The transition to a new Europe cannot be accomplished by default, but must be managed.
The democratic revolutions of the past year, together with the dissolution of the postwar bipolar world, give cause to reconsider the present division of Europe into halves, thirds, or other groupings reflecting geopolitics, political alignment, stages of development, or ideology. A new framework for a common European home, or, more specifically, a European Economic Area, is being outlined as the twelve member states of the European Community (EC) prepare for a single integrated market in 1992. But where in this new Europe is there room for the fledgling democracies of East-Central Europe? This paper analyzes the prospects for Czechoslovakia, Hungary and Poland, the three former East bloc countries which have demonstrated the greatest interest in joining the international political economy, of returning to Europe via some sort of regional subgrouping that might enable them to catch up economically to the West.

If Czechoslovakia, Hungary, and Poland would cast aside old and current animosities to form a "Central European Triangle" they could facilitate both internal and external economic integration, distribute and coordinate Western contributions of assistance (financial, technological, and managerial), build an infrastructure that will best serve the interests of the region as a whole in its strategic position between East and West, and represent Central Europe in a world where bloc strength is increasingly important as a bargaining tool for bilateral trade agreements. The historical relationship of the three countries with Western Europe as well as the impact of several significant events in the international political economy during the past year will be surveyed before various scenarios for the countries' reintegration with the West are considered. I shall conclude with recommendations based on the degree of progress or lack thereof made towards the creation of a new economic regime between Hungary, Czechoslovakia and Poland during 1990.

Historical Claims for Membership in Europe

For its part, the newly free and democratic East-Central Europe which is, in this paper, Poland, Hungary and Czechoslovakia, has made exceedingly clear its desire to return to Europe. Historically this claim has foundation. All three of the countries mentioned above—often referred to as the "Northern Tier" of the Eastern bloc—received Christianity from Rome, not Byzantium, in contrast to Russia and most of the South Slav peoples—a difference reflected not only in church rites, but in linguistic development, political links and cultural traditions.

All three nations share a common heritage: the Czech, Slovak and Hungarian lands, together with the southern part of partitioned Poland, all flourished in the Austro-Hungarian empire, perhaps the best of possible worlds for small nations too weak to stand on their own in the Europe of the day.
Thus before the twentieth century brought these nations independence, the inhabitants of today's Poland, Czechoslovakia and Hungary were bound together in the history of Europe. Their emergence as sovereign states after World War I realized ambitions dating back to the insurrections of 1848, the "spring of peoples." Yet after the war, Europe exhibited a curious ambivalence toward the fate of these new states, and the cordon sanitaire separating the Soviet Union from Europe was largely ignored by those who might have helped the region stand on its feet. The international anarchy and economic trauma of the interwar years, devastating the more developed West as well as the struggling East, only intensified the difficulties attending East-Central Europe. The countries that Woodrow Wilson had hoped would emerge as democracies in the East found themselves more and more isolated as most countries in Western Europe turned inwards to face their own problems and prop up their own economies. Only Germany proved to take any significant interest in the region, developing a network of economic interaction and trade relations that caused Eastern Europe to look to Germany for inspiration, not only in the economic sphere but in the political realm as well. Even German influence did not facilitate any kind of intra-regional interaction: the interwar game was perceived as zero-sum, with each nation vying for economic favors from the West at the expense of its neighbors. And, by the outbreak of World War II, Czechoslovakia was the only one of the three countries to resist the trend toward authoritarian and near-fascist regimes.

A Return to 1918?
The interwar experience illustrates a possible fate of nascent democracies if left to their own devices in a generally hostile and isolationist world. The parallels between the interwar years and the post-1989 period are becoming more pronounced as the international situation today resembles 1918 more than 1947. The extreme bipolarity of the superpowers and their respective camps has melted into a multipolar system which has not yet been clearly defined but in which no one country seems able or willing to assert hegemony. The Soviet Union has retreated within itself, abandoned its satellites, and is actively seeking foreign assistance. Ironically, it is aided by its former archenemy, Germany, whose World War II profile is only now being downplayed in the Soviet press. On the other pole, the United States, while still able to exert some pressure in international security, is largely ineffectual on the international economic scene: witness the recent collapse of the Uruguay Round of negotiations to modernize the General Agreement on Tariffs and Trade (GATT), where other nations—in particular the European Economic Community (EEC)—refused to make the concessions in agriculture demanded by the United States as a precondition for negotiations on other forms of trade, intellectual property, and services. Germany
and Japan, the other two individual nations potentially capable of assuming international leadership, remain respectively preoccupied with internal concerns and content to remain a one-dimensional power. It appears that the world is headed towards an ad hoc multipolarity, where each nation fends for itself as best it can, uniting with others only when it cannot attain its aims by itself.

Nonetheless, the discomforts of international anarchy may be ameliorated by international cooperation or regimes. According to Steven Krasner, this world view maintains that "under certain restrictive conditions involving the failure of individual action to secure Pareto-optimal outcomes, international regimes may have a significant impact even in an anarchic world." In many ways this also seems to be the world portrayed by Robert Gilpin, who speaks of the "global mercantilism" that is reshaping the international political economy that once was characterized as one of increasing global interdependence and integration. To use a metaphor from economics, free trade in today's world economy can no longer be perceived as a public good, accessible to all countries which agree to subscribe to the norms and principles governing international economic regimes. The principle of non-exclusion has been violated to an unheard-of degree as countries coalesce into blocs, selecting those with whom they care to deal instead of accepting the non-discriminatory and unconditional principle of most-favored nation status. The lack of a hegemon willing to insure the continuity of supply of this great public good has led to a market failure; free trade is not there for the asking, and nations must scramble to ensure themselves a piece of the shrinking pie.

**Economic Problems and Western Indifference Frustrate Reintegration**

Abandoned by their former hegemon, the countries of East-Central Europe are pressed into this race. Indeed, they wish to become part of the international economic system and are trying conscientiously to remove all internal barriers to international trade. But the recent failures of liberal international economic principles are bound to work to the disadvantage of the weak and small countries. Today the evidence of this inequity is overwhelming: just as the former East bloc countries open their borders to foreign trade, they encounter many obstacles. Poland, whose economic reforms have progressed the furthest, is an example. As of January 1, 1990, all barriers to foreign trade were lifted; the zloty was devalued down to former black-market values and made freely convertible; and credit was tightened, forcing hitherto subsidized and protected Polish firms to struggle for existence in the world market. An examination of the progress made in 1990 shows a net positive balance of trade with the West as well as with the Soviet Union. Yet in the crucial area of agriculture, Poland has run up against the stone wall of EEC protectionism, finding no market for its relatively inexpensive produce.
Indeed, the West may have doomed Polish agriculture by its "altruistic" food shipments to Poland, further convincing the farmers of the futility of increasing and modernizing production. Such difficulties have enormously prejudiced the Polish farmers against the economic reforms which for the most part have been successful, having accomplished what they first set out to do: stabilize the country, reign in hyperinflation, and prepare the groundwork for increased privatization and liberalization of the Polish economy. The failure of the Uruguay Round negotiators to agree on reductions of agricultural subsidies and trade barriers does not bode well for countries such as Poland, where increased agricultural production provides the greatest potential for increasing exports in the short-term.

Poland, Hungary and Czechoslovakia face other unforeseen external problems as well: the disintegration of the Soviet Union, the unification of Germany, and the atrophy of the Council for Mutual Economic Assistance (Comecon). The Soviet Union's softened stance with respect to East-Central Europe has been a mixed blessing: thanks to Gorbachev's indifference to the fate of Eastern Europe, Hungary, Poland, and Czechoslovakia have regained their independence and have been able to move forward on the road to democracy and market economics. Yet even the most successful of revolutions cannot erase history: traces remain of the past. Here the problem lies in trading patterns. The countries of the former East bloc have been crippled by forced long-term interdependence within Comecon, inextricably tying their economies to that of the Soviet Union. Trade agreements of all kinds have fallen apart, not only with the Soviet Union, but with East Germany as well, which has voted itself into the West.

As regards Soviet trade, crude oil—the source of much of the East's energy—has been held hostage to the growing chaos within the country. The Soviet Union reneged on its obligations to supply the full contracted amounts of oil to a number of East European countries in 1990 because of troubles with domestic production and transport. Thus the countries in the region have been unable to meet their energy requirements.

Oil trade with Iraq predating the Gulf war has caused further problems. According to current estimates, Iraq owes Poland $500 million in credits given for the purchase of Polish goods, Czechoslovakia $300 million, and Hungary $145 million. Poland claims an additional loss of $250 million resulting from the cessation of trade and the loss of crude oil imports, as well as the loss of a railway construction project worth $1 billion.9

The increase in world oil prices as a result of the Iraqi invasion of Kuwait further disadvantaged the fragile transitional economies just as they were subjected to another shock: as of January 1, 1991 trade payments among Comecon countries are settled in hard currency at current world prices. Czechoslovakia, Hungary, and Poland had to earmark precious hard
currency to import oil and natural gas. Burgeoning government deficits were the result.

The scenario is particularly distressing for those countries which hope for a return to Europe. Some fear that their new geographical orientation may not be west, but south. If the region’s economic problems continue to escalate, these fledgling democracies could become the less developed countries (LDCs) of the nineties. The similarities between the underdeveloped second and third worlds are all the more striking now that superpower alliances no longer distort the situation. The revolutions of 1989 have drastically altered the postwar bipolar world order and removed the urgency from the superpower conflict. The disintegration of Soviet power and the emergence of democratic rule in parts of the former East bloc already seem to have diffused the Western world’s ideological interest in the fate of these countries. Given the crucial role of ideology in justifying the postwar order, the loss of this basic conflict between the first and second world may relegate the latter to the realm of Western indifference: that is, to third world status. Thus, what the third world suffered in the seventies and eighties while fighting for a better position in a New International Economic Order, the East bloc might well face in the 1990s and beyond.

Cooperative Forms for Maximizing Mutual Gain

It appears, then, that the only way to avoid the fate of the South is to retain the North’s interest—even if this means becoming an irritant. The industrialized world rejoiced at the emergence of democracies in the East in 1989, but since then has become preoccupied with its own economic troubles and the war with Iraq. In the meantime, the heads of state of the East-Central European countries have been lobbying furiously to join all manner of international organizations: the International Monetary Fund (IMF), the World Bank, the European Community, the European Free Trade Association (EFTA), the Council of Europe, and many others. The countries individually have tried to win favors with the West: they have painted rosy pictures of investment opportunities within their borders, assured creditors of their ability to repay old debt (where applicable) and assume new obligations, and waxed eloquent on the access they can provide to the masses of the Soviet Union. In each case Hungary, Poland, and Czechoslovakia all present themselves as the one country with which to do business.

How long can they continue to compete for aid, technological assistance, and capital investment without making themselves, and each other, worse off? Pareto-optimality would dictate that the transition to Western ways should be carried out with the maximum efficiency. To date, however, all of the forms of economic assistance listed above have been administered on an ad hoc basis, with the first often taking the spoils. For example, Poland
initially benefitted from being the first country to liberalize. But the revolu­tions of 1989 meant competition for Poland. Other countries boasted of more substantial political reforms which were to reassure Western investors. Fingers were pointed, for example, at the still very visible, if weakened, Polish communists in the government. Hungary could attract a larger share of gullible foreign investors by stating that it would never default on its interest payments. And Czechoslovakia could boast of having the strongest socialist economy and no foreign debt comparable to the burdens of Poland and Hungary, not to mention the moral authority in the person of its newly-elected president, Vaclav Havel, who the West found very attractive. All the while the West is confronted with an onslaught of conflicting information about the various countries of East-Central Europe, which until 1989 it had more or less assumed were equally communist, grey and oppressive. Each new set of elections, each new economic initiative, each new broadcast illustrating the difficulties of transition must be understood by people with no previous training whatsoever in socialist economies or politics—people who nonetheless can (and will) decide the fate of a loan application, an investment proposal or membership in an international organization. If for no other reason than to simplify East-West interaction, grounds can be found for forming some kind of subregional grouping that would coordinate economic dealings both within and without the region.

Yet do circumstances warrant the adoption of existing Western or new mixed (that is, part Western, part Eastern) regimes? A quick review of the possibilities for economic cooperation at present leaves no doubts as to the naive idealism of those who speak of a quick return to the West by this or other means.

To date, five major regional groupings have been considered as likely and/or desirable conduits for increased European economic integration: the Conference on Security and Cooperation in Europe (CSCE), the European Community, EFTA, the Nordic Group, and the Pentagonal Group.

**CSCE.** As the largest of the institutions (all thirty-five European states with the exception of Albania are members), CSCE’s potential is that of an umbrella organization for smaller groups. As it seems to be focusing more on political and military issues such as verification functions for START or other multilateral agreements, it may be disqualified from this competition. Indeed, CSCE is more suited to the role of a “European Magna Carta which would entrench for the whole of Europe the rights, freedoms and rule of law which we in the West take for granted.” Another drawback is the organization’s size, which would dilute any influence individual small countries may have, thus reducing its desirability for the Central European countries as a pivotal economic regime.

**The European Community.** This is the institution of choice, East-Central Europe’s dream solution to the problems of the last forty years. Some argue
that, by gaining immediate entry to West European institutions, the East European nations might be able to overcome the historical and nationalistic antagonisms that threaten to disrupt the region if left to its own devices. Yet, given the growing line of economically more compatible countries queuing for admission, the prospects of Hungary, Poland, or Czechoslovakia joining in the near or even slightly more distant future are slim indeed.

There are other practical reasons for not insisting on immediate EC membership. At this stage of the countries' development, one could argue that the great political and economic disparities between the members would relegate the Easterners to second-class status, where they would be weak participants unable to change the payoff structure in their favor. For as yet there is no mutuality of interest: the EC wishes to "deepen" before "widening." EC Commission President Jacques Delors and others have made this abundantly clear, advocating the three countries' return to Europe under the auspices of EFTA or other organizations. A larger, more diverse EC is also feared to be ineffectual. To address this concern, a three-ringed European Economic Area has been proposed, consisting of the EC (inner ring), EFTA (middle ring), and East-Central Europe (outer ring), with room for the USSR or other reforming countries in the outer ring as well.

The European Free Trade Association. EFTA has been suggested as the ideal vehicle for an acceptable "Finlandization" of the former East bloc nations. Ever since its inception in 1959, neutral EFTA has served as a buffer between the Comecon and the EC. This made geopolitical sense. The other role of EFTA since 1961 has been as antechamber to the EC. Great Britain was the first country to make the transition. Austria recently applied for membership, and Sweden may follow. It has been suggested that EFTA serve as "guarantor for the regime changes" for the countries of East-Central Europe, thus saving the EC the economic and political costs of integrating the new countries. Yet the argument has also been made that the standards of living in the EFTA countries are even higher than those in the EC on the average, making the idea of full integration "not sustainable." In addition, future changes in the current membership list combined with the proposed influx of weaker states may make EFTA both less stable and less cohesive.

Nordic Group. The Nordic Group is a new regional grouping for cross-border cooperation of the type advocated by those who do not favor EFTA membership for East-Central Europe. Founded by Sweden and Poland, the Nordic Group has concentrated on the environmental problems faced by the Baltic region. While there are both mutual interest and long-term stakes involved here, the Nordic Group does not appear to be the broader economic forum needed by the former East bloc countries. Membership in this and other groups should not be mutually exclusive, however, and might well fall under the CSCE umbrella.
Pentagonal Group. Also referred to as the Danube-Adriatic regional cooperation group, the Pentagonal Group was originally comprised of four nations: Austria, Italy, Yugoslavia, and Hungary. A fifth—Czechoslovakia—was added in the spring of 1990. Its original geographic delineation has been used—rightly or wrongly—as justification for the omission of Poland, which is not visited by either body of water. The Pentagonal is seen as a step towards—not an alternative to—the EC, with Italy stongly advocating the inclusion of the East-Central European states.

There is another option that would ensure a more homogeneous regional bloc. Some suggest that the best solution would be to reorganize Comecon, the existing East European economic regime, along West European lines. Yet Comecon has been a negative experience for all involved. Although originally intended as an East bloc alternative to the Marshall Plan and later revived and developed as a counterpart to the successful EEC, Comecon functioned more as a set of bilateral agreements between each of the satellites and the Soviet Union than as a multilateral forum for intra-bloc trade. Instead of gaining comparative advantage from the association, the satellites were forced to develop in parallel ways in accordance with the accepted Soviet dogma of breakneck industrialization, collectivization of agriculture, and high-growth steel production. Nor were the “socialist brothers” encouraged to forge links with one another. In fact, mutual distrust was the rule rather than the exception:

The record showed clearly that it was often easier for CMEA members to cooperate with the Western countries than with each other, and at times the situation in the 1970s [a period of trade liberalization with the West] began to resemble that of the interwar period when the East European economic relations were characterized by a ‘beggar my neighbor’ policy. Within the past year, Comecon arrangements have been downplayed by all of the partners, eager to refocus their trade on the West as well as to exert the economic sovereignty denied them for so long. Indeed, I suspect this is one of the reasons why there has been so little enthusiasm among the citizens of the former East bloc for a new or revamped East European economic community. Given the structural inertia of existing regimes and their tendency to stagnate or deteriorate without being cast off by those whose interests are no longer served, this tactic cannot be disparaged—not to mention the fact that not all of the Comecon members have reached the same conclusions concerning future economic development.

This wholesale escape from the East has its disadvantages, however. Forty years of producing low-quality goods for intra-bloc barter trade has left these countries far behind in the capacity to produce export-quality goods. Given the time, capital investments, and economic restructuring
necessary to bring the countries of East-Central Europe up to the level of a Spain or Portugal—not to mention Austria or Sweden—some sort of interim arrangement within the former East bloc seems imperative if these countries are to make the transition from command to market economies successfully without compromising their new-found democratic principles.

The Promise of Regional Cooperation
The possibility of a three-way coordination of the countries' return to Europe emerged when Czechoslovak president Vaclav Havel, during his first official visit to Poland at the end of January 1990, announced his intent to hold a summit meeting in Bratislava in April of that year. The gathering elicited great excitement, as it promised to build on private contacts between the former-dissidents-turned-leaders of the post-communist nations. Indeed, the prospects of a high-level meeting between Havel, then Polish Prime Minister Tadeusz Mazowiecki (a member of the underground Czechoslovak-Polish Solidarity group that had met surreptitiously in the Sudeten mountains on several occasions), Hungarian Prime Minister Jozsef Antall (whose father had saved the lives of numerous Poles during World War II and who was favorably disposed to the Poles), activists Jan Urban, Adam Michnik and others augured favorably for coordinated cooperation. Much weight was given to Vaclav Havel's words of support for three-way cooperation on his visit to Poland in late January 1990: "I believe that Poland, Czechoslovakia and Hungary should coordinate jointly their so-called return to Europe." The Czechoslovak president appeared to suggest that the three budding East European democracies could cooperate in their move towards the West.

From the very outset there were problems. Those involved in the preparations for the April 1990 meeting bemoaned the lack of organization: Civic Forum member and Bratislava summit participant Jan Urban called it "the worst organized meeting [he] had ever seen." The Hungarians complained about the timing: the Hungarian parliamentary elections were scheduled for the following day, and many members of the delegation were involved. They in fact left the meeting early, before the joint press conference scheduled for the very end which all had been expected to attend.

The Bratislava meeting was not a success, notwithstanding the praise of the observer government representatives and the usual positive spin put on such intra-bloc summits. Frankly, this should come as no surprise, given the preoccupation of the three states with their own sovereignty and their own individual fates, which at that time seemed destined to follow different paths. Events since then, however, may have evened out the score somewhat as political and economic crises now plague the region as a whole.

What should be done? And should the West care? Given the recent reports of burgeoning emigration from East-Central Europe to the West,
and from the Soviet Union to the West via East-Central Europe, clearly the problems of the East are a European problem. Once begun, an avalanche of this type cannot be stopped, but it might be averted if the economic needs of the region are considered, if the changes taking place can be seen in a favorable light, and if the citizens of East-Central Europe can be allowed the sustaining dream of eventual reintegration with the West. If they cannot place their hopes with some assurance in the reforms taking place, they too, like the East Germans, will vote with their feet, bringing the burden home in the West.

My analysis of the regional subgroupings currently available found no suitable candidate for a regime which could assist the East-Central European countries with reinvigorating their economies in preparation for a return to Europe. Hungary, Czechoslovakia and Poland's needs would best be served by an economic union that would facilitate their common development, coordinate their acquisition of capital and technology, invest in the region's infrastructure, and perhaps secure markets for their exports. Given the magnitude of the unanticipated exogenous problems that have beset these nations since the Bratislava meeting, the three countries now may be aware of more similarities in their situations than differences.

A paradoxical situation thus arises. The major draw towards union—the worsening conditions in each of the three countries—is at the same time its major drawback. Which new government can afford to turn its attention away from the domestic troubles in order to assume the rather thankless task of regime-building at a time when not all domestic parties are convinced of the value of such an approach? Who, thus, can construct this East-Central European triangle?

**Conclusion: The Advantages of a Benevolent Hegemon**

East-Central Europe needs a Marshall Plan of its own. Some East European advocates lobby for a massive influx of funds; and indeed, additional funds would be appreciated. Yet the problem lies not in the amount of aid but in its use. The new and inexperienced governments of East-Central Europe have not been able to decide on what to do with the capital they have received to date. What they need is an outside catalyst to coordinate the region’s development, identify bottlenecks, channel resources where needed, and enforce some kind of regional cooperation: in essence, someone who will help the nations help themselves.

A well-intended hegemon can provide the discipline needed to right the region's economies. The three countries must be instructed to work together. Czechoslovakia and Hungary must open their borders to Polish visitors and trade, which in turn will help to adjust artificially high currency exchange rates. Joint projects involving the development of infrastructure must be developed.
There are several forms this hegemon could assume. Possibilities range from individual countries, in particular the United States, to regional blocs (the EC) or newer international organizations (such as the Bank for European Reconstruction and Development). Whatever shape it may assume, the hegemon must speak with the voice of authority and wield both carrot and stick. Conditionality must be strictly enforced. The consequences of noncooperation within the regime must be clearly and unequivocally spelled out, as they were for France and Germany, for instance, after World War II. In addition, some hope must be given to the long-suffering peoples of these nations, a concrete goal towards which they can work: membership in Western institutions, a more liberal treatment of flows of people and goods between countries, or a greater deference shown to the accomplishments of the East-Central Europeans. While the shadow of the future must fall upon these countries, the shadow of the past should not be allowed to crush them: some reduction of old debt obligations would send a clear signal that the relationship between West and East is changing.

Only such changes as can be felt by the inhabitants of East-Central Europe will be effective. Material inducements are crucial if domestic stability is to be maintained in the face of uncertainty and risk. We have seen that mere vocal encouragement—even when supplemented with unconditional aid—cannot convince these countries to cooperate. In some ways, the elites, at a minimum, must be won over in order to legitimize the domestic political order and allow for international cooperation. As John Ikenberry and Charles Kupchan have written, "normative persuasion is insufficient to drive the socialization process. Elites in secondary states come to believe in the norms and ideals articulated by the hegemon only in conjunction with the provision of material incentives."

The game being played here is not zero-sum. Hungary, Czechoslovakia and Poland have much to gain from coordinated and intensive cooperation. The road to the West is not paved with ad hoc decision-making. Rather, dreams of a united Europe must be shaped and planned carefully over the next decades. Assistance and direction could make the trip much easier—and much less painful for all concerned.

Notes
3. Two of the Yugoslav nationalities, the Slovenians and the Croats, also have Western ties—one of the underlying causes for Balkan antagonism.
4. Joseph Rothschild, *East Central Europe Between the Two World Wars* (Seattle, 1974), 7–8 and passim. The parallels with today’s Germany are worthy of a paper in
themselves, but the German question will not be covered here.


7. For an overview and analysis of the reforms, see David Lipton and Jeffrey Sachs, “Creating a Market Economy in Eastern Europe: The Case of Poland,” *Brookings Papers on Economic Activity* 1 [1990], 75–147.

8. Poland agricultural exports had suffered at the hands of the EC during Poland’s first period of intensified trade with the West in the 1970s, at which time—interestingly enough, during the height of the oil crisis (1974)—the EC levied an import ban on cattle and beef.


13. Clive Church, “The Politics of Change: EFTA and the Nordic Countries’ Responses to the EC in the Early 1990s,” *Journal of Common Market Studies* XXVIII, no. 4 (June 1990), 423. The recent rush towards a mass exodus may be interpreted to mean less stability in the organization at a time when its effectiveness might well become diluted by less stable economies.


16. Witness the proliferation of economic programs in the Soviet Union and beyond intended to stem the Comecon countries’ escalating decline as well as the conflicting approaches advocated by the various governments (and their foreign economic advisers).

17. As quoted in “Polski dzien Havla: W strone nowej Europy” (“Havel’s Polish Day: In the direction of a new Europe”), *Zycie Warszawy* 22 (26 January 1990), 2. [Author’s translation.]

18. Comment made during the question-and-answer period after his recent lecture at Harvard University’s Center for European Studies, “Risk and Uncertainty in Reinventing East-Central Europe: Complex Cooperation or Exclusive Identities?,” held December 12, 1990. I am indebted to Mr. Urban for other insights into the Bratislava conference he shared with me privately as well.

Rethinking the Bilateral Relationship: U.S. Policy Toward Japan

Connie K.N. Chang

Abstract
This paper argues that the Bush Administration should seize the opportunity presented by the end of the Cold War to re-examine U.S. policies in the Asia-Pacific region, particularly our relationship with Japan. A new policy framework for U.S.-Japan relations should be established with a "dual-track" strategy that disentangles the security considerations of the Asia-Pacific region from the economic issues that have debilitated us in trade negotiations with Japan for the semiconductor industry as well as other strategic industries. By delinking these two concerns the U.S. can pursue a more coherent trade policy that offers real solutions to Japan's adversarial trade strategy and increases our bargaining power during bilateral trade negotiations.

In particular, a "dual-track" strategy will involve: (i) removing Japan's advantage in trade negotiations by disentangling security and economic issues; (ii) establishing a Helsinki-like process to address security issues in the Asia-Pacific region; (iii) creating an arms control-like negotiating process for trade disputes; (iv) revising U.S. trade policy and adjusting U.S. trade strategy to defend strategic

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industries from Japan's adversarial trade practices to ensure future international competitiveness; and (v) getting our domestic house in order to create a border of strong defense by supporting strategic industries through macroeconomic policies.

**Introduction: A New World Order**

The end of the Cold War, as officially marked by the November 1990 Paris Summit meeting of the Conference on Security and Cooperation in Europe (CSCE), has decreased U.S. fears of Soviet military power and prompted the U.S. to establish a new way of thinking in its approach to Europe and arms control. The new U.S.-Soviet relationship was quickly put to the test with Iraq's invasion of Kuwait and the emergence of a "new world order" is now underway. It is clear that the U.S. recognizes the importance of a progressive and sweeping framework for Europe that responds effectively to the shift from East-West confrontation to East-West cooperation, the changed political and security needs, and the new roles for institutions such as NATO. What is unclear is whether or not the Bush Administration will participate as actively in restructuring the post-Cold War order in the Asia-Pacific region.

Although the Administration has been preoccupied with the Gulf crisis and the recently completed budget negotiations, the opportunity for the U.S. to rethink its policies in the Asia-Pacific region should not be overlooked. The end of the Cold War, with the chance to decrease military obligations, and the increasing shift in economic power from the U.S. to its East Asian competitors, suggest that the assumptions that underlie U.S. policies in the region need to be reexamined in light of the new world order and a new policy framework constructed in its place.

**Foundation of the U.S.-Japan Relationship**

U.S. postwar policies in the Asia-Pacific region guaranteed, in particular, the security of Japan and encouraged its economic development in order to create a bastion of stability in the region against communist expansionism under the U.S.-Japan Treaty of Mutual Cooperation and Security. To ensure Japan's development, the U.S. transferred critical American technological and industrial know-how at little or no cost and invited Japan in the 1960s to join the GATT (as well as the OECD and the IMF) against the protest of its European trading partners who complained that Japan was structurally different as a production entity. Arguing that it needed a big aircraft carrier off the Asian mainland, the U.S. sponsored Japan's membership in the GATT and opened its market to Japanese products without reciprocal demands while allowing its European trading partners to place greater restrictions on their markets. For security reasons, the U.S. tolerated an asymmetrical trading and investment relationship with Japan for decades.
Guided in its foreign policy by a global Soviet containment strategy, the U.S. continually subordinated economic interests to perceived geopolitical requirements in the Asia-Pacific region such that trade disputes have often been resolved in Japan's favor. Under these favorable circumstances, Japan was transformed into a fierce commercial and technological competitor, enjoyed a twenty-year trade surplus, and became a financial as well as industrial giant as its share of world production and markets expanded. The U.S. public has become increasingly uncomfortable with a persistently bilateral trade deficit with Japan, which has stayed steady even after the Plaza Accord of 1985 led to a 50 percent devaluation of the dollar against the yen.¹

While many Americans believe that Japan should be indebted to the U.S. for its past economic assistance and for allowing free riding under the current defense umbrella (totalling 7 percent of U.S. GNP), most Japanese believe that the U.S. built up Japan as an industrial fortress against the Soviet Union and China. The Japanese public has, therefore, viewed the treaty as a precondition to assure access to the U.S. market for raw materials and also as a means of pacifying neighboring countries' fear of the remilitarization of Japan. As a response to U.S. demands to share the burden on defense as a way to offset the trade imbalance, Japan's Liberal Democratic Party increased military spending above the sacrosanct 1 percent of GNP level in the mid-1980s.² However, the real issue underlying the U.S. trade problem with Japan is the growing awareness that Japan's economic system is different from that of the U.S. and at odds with free-trade and open-market doctrines. By emphasizing burden-sharing instead of acknowledging adversarial trade relations, the U.S. has only exacerbated trade frictions given the different public perceptions of the relationship.

**Japan's Strategy of Adversarial Trade**

Over the long run, the U.S. security objective has come back to haunt it as the U.S. has had several decades of exposure to Japan's industrial structure and the associated problems it imposes on the multilateral trade and monetary regimes. Japan's trading pattern with the U.S. reveals a strategy of adversarial trade. Compared to other industrialized nations, Japan has exhibited, in almost all industrial sectors, a much lower level of intra-industry trade that is the most rapidly growing area of world trade among industrialized nations. Intra-industry trade has been encouraged by industrialized countries who follow GATT trading rules because it allows governments to liberalize trade without abandoning entire industrial sectors. However, if one country decides not to follow this pattern of behavior, the industries of its trading partners must bear the adjustment costs of abandoning industrial sectors, as must the countries themselves as their important industries decline.
An adversarial trade relationship exists between Japan and the U.S. as 50 percent of U.S. sales to Japan are in commodities such as wheat, fruits, timber, iron, coal, and aluminium while only 25 percent are in machinery and equipment, compared to over 80 percent for Japan’s exports to the U.S. In electronics, which is the biggest value-added industrial sector and the largest U.S. manufacturing industry, the U.S. exported $5 billion to Japan in 1987 but imported $26 billion from Japan. In contrast, trade between the U.S. and Western Europe and Canada is roughly balanced between raw materials and manufactures. Under this trade relationship, the U.S. increasingly becomes a commodity seller to Japan and a high-tech buyer of Japan’s finished products.4

Underlying Japan’s adversarial trade strategy is a domestic political structure and economic system that is different from that of the U.S. As a capitalist developmental state, Japan concerns itself with the structure of domestic industry and the promotion of the structure that enhances the nation’s competitiveness. The aim of industrial policy in Japan is to enhance economic welfare and achieve other public goals by intervening directly or indirectly in industrial activities. In contrast to what the U.S. regards as national security, Japan views high-technology, value-added industries as crucial to its national security because these industries determine future economic might. Japan’s economic strategy is, therefore, based on a dynamic theory of comparative advantage that is geared toward fostering domestic industrial strength through cooperative relations between government and big business that results in triumph over competitors in the international marketplace.

U.S. industry, which adheres to the perfect competition principle of “each firm for itself”, is poorly structured to compete effectively against Japanese companies who are likely to be members of a Japanese keiretsu. A keiretsu is a grouping of companies across industries, aligned through cross-shareholding, banking, and personnel ties, that have large asset bases.5 U.S. antitrust laws may make sense for domestic policy to foster healthy competition but spell disaster in international competition. U.S. technology firms do not strategically align themselves as Hitachi, NEC, or Fujitsu do, and hence, will find survival in the long term difficult. Darwinian individualism as practiced in the U.S. is no match for the partnership methodology employed so successfully in Japan.

For years U.S. economists have tried in great vain to use conventional theory to explain the pattern of Japanese trade with its unique paucity of manufactured imports. Free-trade theory as it applies to Japan would suggest that Japan’s imports of manufactures should be much higher than it is in the sectors where it also exports. A recent report of the President’s Advisory Committee on Trade Policy and Negotiations cites new research,
however, that concludes Japan's imports of manufactured goods are 25 percent to 45 percent below what conventional theory predicts given Japan's size and level of industrialization. If the U.S. remains in this adversarial trade relationship, its international competitiveness, as defined by growth in production, real wage growth, return on capital, and position in the world, will continue to erode. High value-added sales fuel Japan's drive to acquire greater knowledge in the fields of high technology, to make strides toward improving its manufacturing capability, and to increase its economic world leadership. By the end of this decade, there is a real threat that U.S. companies will be little more than distributors of Japanese high-tech and information products. Only the naive can believe that it makes little difference whether the U.S. produces $1000 worth of potato chips or $1000 worth of computer chips. Ironically, only Americans say this. No government official in Japan or in Europe would be foolish enough to allow technological dependence on foreign sources of supplies. Competitiveness in strategic industries such as telecommunications, aerospace, and advanced materials is becoming the index of national strength not only because of the growth and linkage effects of these industries, but also because of their enormous military implications. The Pentagon recently released a warning that Japan led the U.S. in 9 out of 20 key technologies for military purposes. By continually subordinating its economic interests to security interests during trade negotiations with Japan, the U.S. now relies on Japanese suppliers for key technological components that ironically places its national security in Japan's hands.

New Policy Framework for U.S.-Japan Relations
The end of the Cold War has opened an opportunity for the Bush Administration to re-examine U.S. policy in the Asia-Pacific region, particularly its relationship with Japan. Asia will be a major force in the post-Cold War era as it will have two-thirds of the world's population by the year 2000. Moreover, Asia is a $3 trillion market that is growing at the rate of $3 billion per week.

While the U.S. re-examines its strategic goals, Japan will be re-evaluating its global strategic position. The possibility exists that Japan may modify its economic strategy in order both to retain access to the U.S. market where 40 percent of its exports are sold and to allow the U.S. to grow and even export more products to Japan so that the U.S. can settle its debts. Although a change in Japan's economic strategy may be possible, the U.S. needs to devise a strategy that incorporates the worst-case scenario.

"Do Nothing" Strategy
The U.S. could pursue a "do nothing" strategy and hope that either Japan
will decline or will restructure its domestic political economy to the benefit of the U.S. The 1989 Structural Impediments Initiative (SII) negotiations were set up to identify and modify structural obstacles to trade (e.g. Japan’s inefficient distribution system and the keiretsu system) that lie outside the auspices of the GATT and recognized for the first time that structural impediments to trade may exist in Japan. However, Japan’s promise to increase public spending and tighten antitrust laws will most likely not alter the trade imbalance, which will lead to more volatile and tense relations between Japan and the U.S. With a continuing U.S. trade deficit in the $40 billion range and growing fears of U.S. dependence on Japanese capital and technology, the revisionist view that Japan must be treated differently from other trading partners because of its structural impediments to free trade will gain more support. In Japan, on the other hand, resentment of U.S. demands to open its market, support global development, and increase its share of defense burdens will reach a feverish pitch, convincing many that the U.S. is using Japan as a scapegoat for its own domestic problems (i.e. U.S. “structural impediments” such as the low national savings rate).

If the U.S. continues to make demands on Japan to increase its share of defense expenditures as an offset to trade imbalances and asks for Japan to lower structural impediments to trade, the real trade problems faced with a Japan that pursues an adversarial trade strategy and erects other countermeasures to liberalization will not be resolved. Moreover, if the U.S. continues to devote more than 7 percent of GNP to defense spending while its economic competitors, especially Japan, designate a far smaller percentage, then it will fall behind in civilian investment. Faced with the challenges to traditional as well as high-technology manufactures, the U.S. cannot continue to fund the same level of defense expenditure. The U.S.’ share of world manufacturing and its rate of economic growth will steadily decline if it continues to invest a large amount in military R&D while Japan and West Germany concentrate on commercial R&D, and if the Pentagon’s spending continues to drain the majority of scientists and engineers from designing and producing goods for the world market while in Japan they are engaged in commercializing technology to produce better consumer products. In 1985, for example, the U.S. spent 1.9 percent of GNP on civilian R&D that facilitates the commercialization of products while Japan spent 2.5 percent and West Germany spent 2.4 percent. These figures suggest that the U.S. trade structure will grow worse.

If the U.S. pursues a “do nothing” strategy future strains from the adversarial trade relationship between the U.S. and Japan may even lead to the unraveling of the GATT and the international financial system. Three scenarios - a trade war, managed trade and regional economic blocs are possible. The U.S. should design a strategy to minimize the possibility of these scenarios arising.
"Dual-Track" Strategy

The U.S. should respond to the Japanese challenge in the following ways: (i) remove Japan’s advantage in trade negotiations by disentangling security and economic issues; (ii) create a Helsinki-like process to address security issues in the Asia-Pacific region; (iii) create an arms control-like negotiations process for trade disputes; (iv) defend the U.S. strategic industries that are necessary for future international competitiveness from Japan’s adversarial trade practices by changing trade policy and adjusting trade strategy; and (v) strengthen the U.S.’ natural forces of resistance by creating a border of strong defense - getting its domestic house in order and supporting strategic industries through macroeconomic policies.

The U.S. should not pursue the “do nothing” strategy and hope for Japan’s decline because besides Japan, South Korea, Taiwan, and “other Japans” are waiting to step in and continue the trade battle. The U.S. should seize the opportunity presented by the end of the Cold War to disentangle the security issues of the Asia-Pacific region from the economic issues that have debilitated it in negotiations for the semiconductor industry as well as for other industries. By delinking these two concerns the U.S. can pursue a more coherent trade policy and increase its bargaining power in trade negotiations with Japan. In the new world era, Japan’s continued economic strength will increase its potential as a military power given its foothold in high-tech, value-added industries, such that Japan could replace the Soviet Union as a threat to U.S. national security. The U.S. should, therefore, pursue a “dual-track” strategy.

Conference on Security and Cooperation in Asia-Pacific. The U.S.-Japan Treaty of Mutual Cooperation and Security lies at the core of U.S. strategy in the Asia-Pacific region, and it is supported by bilateral treaties with South Korea and the Philippines, the Manila Pact that adds Thailand to the list of U.S. treaty partners, the ANZUS Treaty with Australia and New Zealand as well as U.S. land and air forces deployed in South Korea and Japan and the Seventh Fleet deployed in the Western Pacific. The U.S. spends approximately $42 billion a year on the direct and indirect costs of its military forces in the region. In contrast to Europe, the Asia-Pacific region is characterized by these bilateral treaties and has no organizations equivalent to the European Community, NATO, or the CSCE where regional security conflicts can be resolved. With the end of the Cold War, a new policy framework should be constructed to deal with the extant and potential new security issues and the interdependence of strategic, political, and economic policies.

If the anachronistic U.S.-Japan defense treaty is dismantled, fears of Japan’s re-militarism and colonialism would reappear among Japan’s Asia-Pacific neighbors that would trigger a possible nuclear arms race in the region, especially given the surplus capacity of the global weapons industry. Many also fear that if the U.S. withdraws its navy, the power void would be
quickly replaced by the navies of the other regional powers. In addition, if
the treaty were abolished, Japan would likely have to increase its defense
spending to provide for its own full defense. In less than a decade Japan
could acquire nuclear weapons and master all the technologies required of
becoming a military superpower. The U.S.-Japan defense treaty should
instead remain intact, but altered to acknowledge Japan's position in the
world without threatening its neighbors so that balance in the region may
be maintained.

There is a need for comprehensive discussions on confidence-building
measures as well as arms control given that the North Pacific houses the
U.S., the U.S.S.R., and Japan, the countries with the world's largest military
expenditures, with China likely to fill the fourth seat by the early 21st
century. The U.S. and the Soviet Union should jointly convene, under U.N.
auspicies, a Conference on Security and Cooperation in the Asia-Pacific
(CSCAP). The aim of this convention would be to launch a process similar
to the 1975 Helsinki CSCE that has provided the context for reductions in
East-West tensions so that the U.S. and U.S.S.R. could begin discussions on
confidence-building measures in Northeast Asia.\(^8\) When broader security
issues are covered, other countries could be asked to participate. Because
the CSCAP would provide a forum for bilateral negotiations on regional
arms control, the U.S. would have a chance to take Soviet President Mikhail
Gorbachev's cue to reduce forces in Asia. Rather than implement U.S.
Defense Secretary Dick Cheney's February 1990 announcement of a unilateral
10 percent reduction of U.S. military personnel in the Pacific, a Pacific
detente reached with Moscow would give the U.S. the opportunity to
reduce defense expenditures and tend to problems in its domestic economy
while the Soviet Union does the same.\(^9\)

Arms Control-Like Trade Negotiations. The obstacles to close
cooperation between the U.S. and Japan are almost entirely economic as
there are no territorial or ideological conflicts and both agree broadly that
there is a need for a peaceful world where trade and capital can move freely.
If the U.S. pursues a "dual-track strategy", economic issues will assume the
level of importance previously accorded security issues. Given the
importance of resolving trade disputes, the U.S.-Japan bilateral trade
negotiations process should be modelled after the U.S.-Soviet Union arms
control negotiations. Experience has shown that although relations with the
Soviet Union have been tense, both countries have, nonetheless, persevered
in these talks.

Rather than continue to pursue unilateral action against Japan such as
that under the Super 301 section of the Omnibus Trade and Competitiveness
Act of 1988, the U.S. should restructure the bilateral negotiations process to
address the problem of adversarial trade as well as the domestic political
adjustments Japan created to stem the effects of market-opening processes.
Particular features from the U.S.-U.S.S.R. arms control negotiations should be adopted. The bilateral trade negotiations should seek mutually acceptable arrangements rather than imposed solutions, be ongoing and long-term rather than ad-hoc and episodic, explicitly recognize the importance of relating bilateral talks to multilateral negotiations in the same field such as the Uruguay Round under the GATT, and include joint verification procedures. In addition, the U.S. needs to appoint a special trade negotiator with high-level authority who could not only bring expertise to the negotiating table but also remain with the task for an extended period of time. Japanese negotiators are highly informed and prepared to discuss the particulars of the trade issue at hand and are usually employed in the Japanese government for about 30 years. Thus, to remove the advantage this gives Japan at the negotiating table, the U.S. needs a qualified trade negotiator with a clear agenda from which to pursue U.S. interests.

The large and persistent bilateral trade imbalance has caused severe tension between the U.S. and Japan. Both countries would benefit from a new bilateral negotiations process that addresses trade comprehensively (e.g. imports, exports, investment, and competitive practices) under a mutually agreed upon timetable. In addition, a powerful and quick dispute-settlement mechanism based on arbitration panels composed of experts should be established as well as joint fact-finding efforts. For instance, the recent cooperative bi-national study conducted by the Department of Commerce and MITI confirmed that Japanese consumer prices are more than 40 percent higher than comparable U.S. prices. This piece of information can lead to verification of whether or not Japanese companies pursue predatory pricing strategies in the international marketplace. By adopting specific aspects of the U.S.-U.S.S.R. arms control negotiations, future bilateral trade negotiations between the U.S. and Japan will be enhanced, benefitting both countries and the world trade system as differences will be systematically reduced. If these bilateral talks are related back to the Uruguay Round, then the multilateral process will also be strengthened.

Complementing the new framework of bilateral trade negotiations with Japan, U.S. trade policy should be less ideological and more practical. Rather than urge Japan to adopt the U.S. economic model of relying on market forces, free trade, and deregulation, the U.S. should adjust its trade policy to deal with Japan as it is. It is futile to try to convince Japan to abandon its economic system that best serves its interests and adopt a system that serves American interests. U.S. trade strategy during negotiations with Japan should be results-oriented, focusing on outcomes, timetables, and responsibilities. In addition, the President’s Advisory Committee on Trade Policy and Negotiations recently recommended that the U.S. establish sectoral export targets based on the increase in U.S. exports that could be expected if Japan behaved like other industrial countries. Although these
policies ring of managed trade, market shares will not be negotiated. Instead, to reach the goal of fair trade under an established timeframe these policies reflect a new intellectual framework that focuses on outcomes using a strategy of specific reciprocity (i.e. placing the burden for the U.S. trade deficit on the countries with implacable trade surpluses under the premise that the core trade problem is the barriers to entry of U.S. exports and subsidies of foreign imports) rather than on market or rules-based processes using a strategy of general reciprocity.\textsuperscript{13}

Bilateral trade initiatives seem more promising given the growing cumbersomeness of the GATT forums for cooperative trade initiative and conflict resolution. In essence, the new results-oriented trade policy can be characterized as a defensive strategic trade policy in which, for example, the U.S. pursues market-opening measures for present and future strategic industries to combat and circumvent Japan’s adversarial trade practices.

\textbf{U.S. Government Must Get Its Domestic House in Order}

The U.S. must come to terms with the need to make sacrifices in domestic policy if it wishes to maintain its society’s dynamism. The pursuit of a dual-track strategy that separates military concerns from economic issues with Japan cannot alone guarantee success. The U.S. must recover its independence and find domestic solutions to economic difficulties with Japan while tearing down structural impediments to trade and fighting adversarial trade practices. No matter how good its trade negotiators are, however, the U.S. still needs to undergo domestic structural changes. If the U.S. is to continue to lead and prosper in world market economies, business leaders and political leaders must pursue more vigorously a comprehensive strategy to meet the competitive challenge of Japan and its followers. A border of strong defense through domestic strength is, therefore, necessary.

The decade of the 1980s witnessed the most obvious erosion of the U.S. economic position relative to its major competitors. In 1981, the U.S. was the world’s largest creditor nation, the leader in per capita output and the leader in practically all areas of high technology. The U.S. had the highest levels of productivity in most industries and the strongest military forces. By 1990, however, the U.S. fell behind in every area except in military capabilities with little sign of reversing this decline. The U.S. is now the world’s largest debtor nation. The U.S. is producing approximately five percent less than what it consumes, which translates into daily borrowings of $300 million on the international capital markets. The U.S. is predicted to pay out to foreign lenders three to five percent of its national output by the mid-1990s. The U.S. is ranked fifth in GNP per capita and productivity growth is lagging behind other advanced industrial nations. More importantly, not only has the U.S. lost its leading edge in older manufactures such as autos and steel, it has also
lost the lead in many key technologies such as semiconductors, silicon, semiconductor equipment, consumer electronics, and advanced materials and its lead in others is tenuous. During the 1980s, the U.S. did not strengthen its relative position in any single high technology area and had even witnessed the erosion of its long-standing dominance in aerospace. This situation portends a continuing decline in U.S. living standards, its capacity to lead, and its international competitiveness.

Companies and countries compete successfully over the long run by investing in what can be defined as the “long-run”. For the 1990s through the early decades of the 21st century the big value-added, knowledge-based industries will define the long-run and thus, the future of U.S. competitiveness. High-technology firms in these industries face massive and increasing investments in capital for plant and equipment as well as in R&D if they are to compete successfully in world markets. At the same time that initial R&D costs are increasing, the useful life of a product (i.e. the period in which it can be marketed) generated by the R&D stream is contracting. In addition, companies often must maintain several different product cycles using the same complex technology. The barriers to entry for these industries, therefore, are high given the prohibitive levels of capital and R&D investment required. In addition, the costs to remain competitive upon entering these industries are also considerable, but quite profitable if a large market share can be captured early in the product’s life cycle.

The U.S. needs to make economic leadership a national priority and pursue this goal prepared with a comprehensive economic strategy to restore both economic and technological excellence. The U.S. government will still remain a regulatory state, but one that has reformed its thinking to include anticipation of U.S. corporate needs to maintain competitiveness in the international marketplace rather than assistance for industries in crisis situations. The U.S. should promote strategic industries with characteristics such as rapid growth, high elasticity of demand, falling costs, knowledge intensity, and multiple linkages with other industries. Strategic industries will contribute more to economic growth, disinflation, productivity increases and wealth than industries without these value-added characteristics. U.S. policies must be formulated to assure that these industries are encouraged to grow and prosper in the U.S., especially given that Japanese firms that are members of a *keiretsu* are more formidable competitors. The U.S. government should not target certain industries (e.g. no provision of direct government subsidies for particular industries), but should indirectly help strategic industries by providing a general healthy economic environment. Although comprehensive in intent and form, the following policies should be pursued to create a more favorable economic environment under which strategic industries can operate more effectively.\textsuperscript{14}
(i) Reduce the cost of capital by decreasing the size of the budget deficit (which is the root of the trade deficit problem).

(ii) Create a differential structure for taxing capital gains.

(iii) Increase government spending on commercial R&D.

(iv) Institute industry R&D tax credits and investment tax credits as incentives for companies to invest in R&D and modern plant and equipment that will boost productivity levels.

(v) Encourage more collaborative efforts in basic R&D and even production among domestic firms involved in strategic industries by removing antitrust fears.

(vi) Increase tax revenues and reduce consumption by taxing gasoline and other heavily consumed goods as well as luxury items.

(vii) Provide for a pre-college educational base that encourages science and math education to produce a literate and competent workforce.

(viii) Ensure college opportunity for all Americans.

(ix) Provide for worker training and retraining.

(x) Increase government spending to upgrade and expand the nation’s infrastructure.

(xi) Devise a more realistic policy on trade, technology transfer, and market access.

Finally, the Competitiveness Policy Council should be activated. Section C of the Omnibus Trade and Competitiveness Act of 1988 created the Council with a budget of $5 million. The Council has a continuing mandate that includes the regular evaluation of U.S. competitiveness, the evaluation of existing and proposed legislation and its impact on competitiveness, and the formulation of policy proposals. In addition, if the Council ascertains that a particular industry is threatened, it can create a subcouncil to study the problems facing that industry. The Council has quasi-official status as an advisory committee and is independent of the executive and legislative branches (like the Federal Reserve Board). Its members will be chosen by both the President (⅔) and the House and Senate leadership (⅓); the chairperson as well as ¾ of the members must be selected from the private sector. Deliberations of the subcouncils have blanket exemption from federal and state antitrust laws and from the “open to the press and public” requirement that all advisory committees face. The Council will act as a forum for the private sector to advise both the government and the public of the issues facing U.S. competitiveness.15

Given the structure of the U.S. political economy, the signs of declining U.S. competitiveness will be noticed by many, but concrete action will be politically difficult to achieve. Interest-group politics represented by both U.S. and foreign national lobbyists, political action committees, and other affected interest groups will override politicians’ desire for reform, which
is indicative of short-term, self-interested thinking. Short of a severe economic crisis to create incentives for citizens and politicians to institute serious and effective reforms (which often is the case for regulatory states), calls for fresh purpose, renewed nationalism, vision for the future of America, willpower, leadership, and sacrifice will go unheard and unheeded.

The U.S. at present is the only advanced industrial nation that does not have a "Department of Industry" and has instead the Department of Commerce and the U.S. Trade Representative in charge of industry concerns when, in fact, they are mostly concerned with trade-related matters. Because competitiveness is one of many priorities that vie for the time of any president, as a long-term consideration it will normally be deferred to immediate crises. The president may not see the benefits that the Competitiveness Policy Council could provide and thus, could likely delay nominating any members. Moreover, economic issues in the U.S. are often politicized, which creates tremendous difficulty in implementing change that will require sacrifice on the part of many (i.e. the U.S. government needs to raise tax revenue, but who will pay?). Only broad public support can compel Congress to take appropriate action. Even if a U.S. Department of Industry were established, economic issues would still be politicized. For competitiveness to achieve the priority it deserves, business leaders may have to mobilize a large constituency to raise the issue's visibility and take the lead in changing economic strategy, if the U.S. government is preoccupied with other matters.

Conclusion

U.S.-Soviet rivalry that dominated the international order for four decades created prosperous circumstances for Japan. The postwar U.S. interest in building a Western coalition to contain Soviet expansionism guaranteed Japan a privileged position. Japan's close security ties to the U.S. allowed it to dedicate resources to the development of its civilian sector. Easy access to the large U.S. market provided wide opportunities for export-led growth. The benefits associated with Japan's partnership with the U.S. far outweighed the costs.

The U.S. should seize the opportunity presented by the end of the Cold War to disentangle the security issues of the Asia-Pacific region from the economic issues. The Bush Administration should respond, therefore, to the Japanese challenge by removing Japan's advantage in trade negotiations through the process of disentangling security concerns from economic issues; creating a Helsinki-like process to address military issues and an arms control-like negotiations process for trade disputes; adjusting its trade strategy to defend more effectively the strategic industries that are necessary for future U.S. economic competitiveness; and getting its domestic
house in order to create a border of strong defense that will strengthen its natural forces of resistance against economic adversaries. By taking these steps the U.S. can alter the current policy in the Asia-Pacific region to its benefit.

Notes
10. David MacEachron, op. cit., p. 188.
11. Ibid.
15. Scott, op. cit., pp. 120–121.
Pigs, Peasants, and Politics in Haiti: Migdal’s Theory of Peasant Participation in National Politics and the Fall of Jean-Claude Duvalier

Greg Asbed

Abstract

This essay examines the popular movement—known as the dechoukaj ("uprooting")—that led to the fall of Duvalier and created the impetus for Haiti’s first democratic elections in over thirty years.

The essay employs Migdal’s theory of peasant participation in national politics to analyze the dechoukaj movement. The U.S.-directed eradication of the Haitian creole pig in the early 1980s precipitated a deep economic crisis in rural Haiti that threatened the subsistence of peasant communities. As a result, thousands of Haitian peasants turned to Catholic Church-based community groups for economic and social security. These organizations addressed the peasants’ material needs and provided channels for developing group and class consciousness.

At the same time, the Catholic Church in Haiti began to expand and articulate its political agenda. The union of a stable, national institution (the Catholic Church) with a large, motivated constituency (a newly mobilized peasantry) made the Church-based dechoukaj movement the most important political challenge to “Duvalierism” during the final years of the Duvalier dictatorship. It also created the foundations for continued Church involvement in Haiti’s transition to liberal democracy.

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Introduction
In the early hours of February 7, 1986, an unmarked C-141 transport plane arrived at the Francois Duvalier Airport in Port-au-Prince, Haiti. Although the airport had been closed to international traffic for nearly a week, this flight received special permission to land. Dispatched from the U.S. airbase in Guantanamo, Cuba, it was to transport “President for Life” Jean-Claude Duvalier and his family to their exile in France.

As Jean-Claude Duvalier climbed aboard the American plane and closed the flight door behind him, he also closed the final chapter in the history of the brutal Duvalier family dictatorship. For nearly thirty years, Francois Duvalier and his son Jean-Claude enjoyed total control over Haiti’s political and economic life. They enriched themselves with state funds and brooked absolutely no political opposition. Their corps of secret police—known in Haitian Creole as the “Tonton Macoute”—terrorized the country through their violent enforcement of the Duvaliers’ capricious rule. This systematic and widespread violence muffled dissent, enveloping Haiti in a shroud of silence. Some observers cheered this silence and called it “stability”; most Haitians called it the “silence of a graveyard.”

In its final years, however, the Duvalier dictatorship grew increasingly unstable. Waves of protest rocked the island, shattering the silence before finally toppling the Duvalier regime. Most available analyses of the fall of the Duvalier dynasty emphasize Jean-Claude Duvalier’s gradual alienation of his father’s traditional urban support base - the black middle class. These same analyses generally locate the ultimate cause of Duvalier’s fall in the eleventh-hour withdrawal of U.S. support for his regime.¹

But to attribute Duvalier’s eventual fall to urban and international actors is to reduce a complex chain of actions and reactions to its final pair of links. For while political elites in Port-au-Prince and policy makers in Washington may have in fact swung the axe that beheaded “Duvalierism,” it was a growing network of rural-based, peasant-led revolts that bound, gagged, and led Duvalier to the block.

In the early 1980s a broad-based, popular movement, known in Haiti as the dechoukaj (“uprooting”), sprung up in the countryside under the protective wing of the Roman Catholic Church. It was this movement that organized Haiti’s peasants and mobilized political dissent, shaking the dictatorship to such an extent that by early 1986 the Reagan Administration felt obliged to orchestrate the departure of Jean-Claude Duvalier in order to preserve socio-economic stability in Haiti and in the Caribbean region.

Yet despite the compelling drama of this uprising—a political event that more closely resembled the peasant revolts of the middle ages than the sophisticated middle class marches and marxist guerrilla movements of modern day Latin America—the dechoukaj has received little attention from
scholars. The few studies that do exist tend to describe the riots and demonstrations that led to Duvalier’s ouster as “spontaneous” or “unexpected.” Words like these, however, have little explanatory value. Rather, to understand the fall of Duvalier, certain questions must be asked of the dechoukaj. Why, for example, did poor peasants in the poorest country in the hemisphere “suddenly” decide to incur the substantial risks of opposition to the Duvalier regime and its brutal corps of Tonton Macoutes when, for three decades, the benefits of silence had outweighed the costs of politics? Why did the peasants who participated in the movement feel that they would succeed when other more powerful groups had tried before and failed? What triggered this remarkable participation, and what forms did it take?

At the root of this increased participation was the economic crisis that gripped Haiti in the early 1980s; a crisis so profound that it threatened the very subsistence of peasant communities throughout the Haitian countryside. During this same period, the Catholic Church took a new role in Haitian politics through a participatory approach to community organization. Through its new program, the Church offered resources, direction, and a community of support—three things desperately needed by rural Haitians reeling from the economic crisis. The union that developed between the Haitian peasantry and the Catholic Church during the final years of the Duvalier regime served as the basis for a process of popular participation in political affairs that led from the dechoukaj of the early 1980s to the democratic transition of the early 1990s.

Like the Hydra, Duvalierism initially sprouted a new head upon Duvalier’s departure, in the form of a military-dominated “Provisional Council of Government.” The series of military dictatorships that followed were in many ways even more brutal than the Duvaliers; thousands of Haitians lost their lives in political violence after 1986. But today, a democratically-elected president sits in the National Palace in Port-au-Prince, thanks in large part to political forces formed during the dechoukaj. Father Jean Bertrand Aristide was carried to victory in the December 1990 elections on the shoulders of the same movement that pushed Jean-Claude Duvalier from power nearly five years before. Indeed, the electoral victory of Aristide, himself an important actor in the once-clandestine movement, represents nothing less than the institutionalization of the dechoukaj.

**Migdal’s Theory of Peasant Participation in National Politics**

In *Peasants, Politics, and Revolution*, Joel Migdal presents a generalized theory of peasant participation in political movements and revolutionary organizations. His theory provides an appropriate analytical framework for examining the case of Haiti’s dechoukaj. Migdal focuses his analysis at the
level of the village, and begins his formulation with an alternative theoretical explanation of why peasants abandon what he calls an “inward-orientation” and turn to the world “beyond the confines of the village.”

Peasants are initially motivated to look outside the village when a sustained economic crisis resulting from unequal inter-state relations creates a subsistence-threatening situation. At this point, peasants are not politically or ideologically motivated to participate. They look outward in the search for an alternative system of economic relations to guarantee their subsistence.

As peasants begin looking beyond the scope of the village, they encounter economic and political institutions that are skewed against their interests. Their existence is no less precarious outside the village than inside. Peasants soon turn to political movements and organizations that can offer security in an uncertain outside world. Migdal identifies two seldom examined, but crucial, components of peasant participation in national politics. First, he describes the initial motivation for participating in a political world that had for so long been at best neutral and, at worst hostile, to peasant interests. Second, given this impetus to participate (which Migdal limits initially to the material interests of the individual peasant), how is it that peasants develop the group and, eventually, class consciousness necessary for effective participation in the national political arena?

Migdal claims that in the beginning peasant political participation is a measured response to the material needs of the individual peasant. But here, he breaks with conventional social theory which describes peasants as inherently conservative and rooted in a “private property consciousness.” Migdal, by contrast, believes that peasants can acquire both group and, eventually, class consciousness. He traces the trajectory of revolutionary consciousness in peasants in a four step progression:

1. Peasants accommodate to revolutionary institutions.
2. Peasants seek individual material and social gains from the revolutionaries.
3. Peasants seek collective gains for their particular group, segment, or village.
4. Peasants seek an overthrow of the present political order to be replaced by the personnel, institutions, and programs of the revolutionary movement.

The ultimate quality of peasant consciousness depends on the nature of the social and political goals of the specific movement. Over the course of an extended and mutually beneficial relationship, a revolutionary movement will instill a revolutionary consciousness in the participant. Although peasants must first receive individual benefits for their active support,
eventually they are willing to pursue collective goals with no immediate personal gain.  

The process of participation suggested by Migdal helps explain the eruption of peasant-based protest beginning in 1984 and ultimately leading to the fall of Duvalier in early 1986. With this theoretical tool, peasant protests that were spontaneous and unexpected are perceived to be gradual and, in retrospect, the outcome of a political process initiated long before the ultimate demise of the dictatorship.

**Economic Crisis and the Origins of the Dechoukaj**

Mats Lundhal, a distinguished analyst of economic and social issues in Haiti, writes that in Haiti, "most of the symptoms that are usually associated with underdevelopment are found in a relatively pure form." Haiti is the only Latin American country to be included in the World Bank's "low-income economies" category, joining such countries as Ethiopia and Bangladesh in the lowest sphere of underdevelopment known as the "Fourth World." Haiti's social and economic indicators are some of the worst in the hemisphere: the 1988 per capita income of US$330 (US$30 for lowest 17 percent of population), a life expectancy at birth of 54, a daily calorie supply per capita of 1,784 (down from 2,007 in 1965), and a illiteracy rate hovering around 80 percent.

Economic underdevelopment alone is unlikely to trigger broad-based, peasant-led political upheaval. Peasants and peasant societies have developed mechanisms to cope with the long-term problems posed by underdevelopment. Migdal's "economic crisis" refers to a relatively sudden, well-defined departure from the long-term norms of poverty in peasant societies. These crises challenge traditional survival mechanisms, threaten peasants' subsistence, and prompt village society to look to outside institutions for survival. Moreover, Migdal's crises have a unique source—the "shrinking world" of nineteenth and twentieth century economic imperialism.

The eradication of the creole pig in Haiti sparked just such an economic crisis. Until 1979, the indigenous, or creole, pig played a unique and vital role in the Haitian peasant economy. A piglet could be purchased for $US10, raised at minimal expense by leaving it to forage on its own, and sold as a mature hog a year and a half later for as much as $US180. The creole pig was a financial asset, an important aspect of the rural ecology, and an integral facet of the peasant agricultural system.

According to a 1983 report from USAID, 80–86 percent of rural households in Haiti were raising creole pigs before 1979. The creole pig was not only central to the peasant economy as a whole, but to the poorer peasants in particular. Poor peasants raised and owned pigs in Haiti, large landowners...
and speculators generally did not. Thus, for peasants at the edge of subsistence before 1980, the creole pig provided insurance against financial catastrophes such as the occasional bad harvest or unexpected illness that regularly plague peasant existence.

In 1979 African Swine Fever spread to Haiti from the neighboring Dominican Republic. Within two years, the viral disease had killed an estimated 250–300 thousand pigs, or nearly one third of the pig population in Haiti. An almost equal number were slaughtered in panic sales as the disease spread. By 1982 the peasant economy had already suffered the loss of nearly two-thirds of the pig population—a substantial blow to the subsistence of hundreds of thousands of poor Haitian farmers.

At this time, the U.S. Secretary of Agriculture for the Reagan Administration, Bob Bergland called the spread of African Swine Fever in Haiti an "emergency situation" that threatened to destroy the swine industry in the United States and neighboring countries. The governments of the United States, Canada, and Mexico, in a display of international cooperation worthy of a better cause, assembled the funds necessary to persuade the Duvalier regime of the need to eradicate the creole pig. The Haitian Government quickly established an independent agency, the Project for Swine Fever Eradication and Swine Industry Development (PEPPADEP), to administer the slaughter and planned repopulation of the pigs. By June 1983, one U.S. official estimated that only 40 pigs remained in Haiti.

Corruption and mismanagement of the government's eradication program exacerbated the effects of the loss of the pigs on the poorest peasants. One observer noted that when the slaughter finally began, pigs were no longer dying of African Swine Fever in Haiti. Although PEPPADEP received funds to compensate the owners of slaughtered pigs, reports suggest that a portion of those funds may have ended up in the pockets of officials administering the program. An AID analysis estimated that only $0.50 out of every $1.00 earmarked for reimbursement actually reached the pig owners.

The eradication of the Haitian creole pig left no uninfected pigs to serve as breeding stock for a repopulation project. The total slaughter occurred despite reports that there were tens of thousands of uninfected pigs, including the entire population of pigs on the Island of La Tortue. The elimination of the creole pig meant that efforts to repopulate were entirely dependent on foreign stock. After a two-year delay, the repopulation program used a breed of white pig from Iowa that quickly proved unadaptable to the conditions of rural Haiti. Those peasants who eventually bought a new pig faced a higher price for a piglet (the price increased to approximately $100) and had to incur additional expenses for the food, shelter, and veterinary care for the Iowa pigs. Such extraordinary expenses "not only put pig raising out of reach for the rural majority, but... also
transformed the role of pigs from serving as a virtually cost-free ‘bank account’ to becoming a debt-producing, risky investment.”

The lowest levels of Haitian peasant society suffered most from the economic shock of the eradication program. Like a one-time lump sum tax on the peasantry, the slaughter of the remaining population of indigenous pigs, combined with the depressed market price for pigs sold before slaughter resulted in an estimated $12–15 million short-term loss for Haiti’s poorest peasants. The permanent loss of income and security caused by the long-term shift of the pig industry from the lower to the upper strata of peasant society is incalculable. Due to the pig eradication, poor peasants were forced to turn to loan sharks, high interest credit purchases, and, when necessary, land sales to cover extraordinary expenses that would normally have been covered by the sale or slaughter of a pig. Thousands of Haiti’s peasant households, already living on the edge of subsistence, found themselves unable to balance their accounts in the wake of the pig eradication.

To make matters worse, the pig eradication program began during an unprecedented recession in Haiti. The world economic recession took its toll as high oil prices and sinking coffee prices caused a foreign exchange crisis that paralyzed the economy. Tourism also declined after 1981 when the U.S. Center for Disease Control classified Haitians as a “high risk group” for the AIDS virus. In 1980 the number of tourists visiting Haiti peaked at nearly 200,000 visitors, most of them from the United States carrying much-needed hard currency for the tourism industry. By 1983, the number dropped to 40,000 and continued to drop as the political crisis grew. Over the last decade of Jean-Claude Duvalier’s rule, the percentage of Haitians living in extreme poverty almost doubled, climbing from 48 percent in 1976 to an incredible 81 percent in 1985. By 1982, a World Bank report concluded that Haiti was “suffering its worst economic crisis in several decades.” The same report described the condition of Haiti’s poor during the early 1980s as “so characterized by malnutrition, illiteracy, disease, squalid surroundings, high infant mortality and low life expectancy as to be beneath any reasonable definition of human decency.”

During the early 1980s there were “forces at hand that consistently and systematically made it impossible for large numbers of ... village households to balance their accounts”—the necessary condition for a peasant to shift from an inward to an outward-orientation. Given the structure of Haiti’s rural economy, Migdal’s theory would predict that outward-oriented peasants would soon find the social and economic institutions outside to be “hostile” and “incomplete.” Peasants would then turn to political organizations and movements that offered the material security that their village society or the larger economy were unable to provide.

This is, with some qualification, what happened in the early 1980s in rural Haiti.
Peasants, Politics, and Duvalier’s Haiti

During his fourteen years in power, Francois Duvalier carried out what his son would later call Duvalierism’s “political revolution”: liquidating or co-opting every non-Duvalierist organization from the Haitian Army to the Boy Scouts. Upon his death in 1971, Francois Duvalier bequeathed to his son the office of the Presidency for Life, the corps of Tonton Macoute to jealously guard the office for him, and a political field without a single political party, opposition trade union, or social club not under direct Duvalierist control.

The Roman Catholic church in Haiti did not escape Francois Duvalier’s sweeping grasp. Church-state relations were particularly tense during Duvalier’s early years in power. His cultural nationalism clashed with the foreign-dominated clergy of the Haitian church. Duvalier purged the church of uncooperative clergy and exiled a number of mostly French priests, nuns, and even bishops. After nearly seven years of conflict, the Duvalier government and the Vatican reached an agreement to promote the “indigenization” of the Haitian church. Duvalier quickly named a Haitian Archbishop and appointed Haitians to all but one of the country’s bishoprics. When Jean-Claude took over the Presidency for Life in 1971, he also inherited a church hierarchy stacked with pro-Duvalier Haitian clergy.

The Haitian church in the early 1970s, however, was just beginning to experience the social and political activism that had characterized liberation theology and the Catholic church in Latin America since the late 1950s. Francois Duvalier’s control over the Haitian church precluded significant Haitian participation in this movement, but with his death, “clergy who were inspired by [liberation theology] heightened their awareness of Haiti’s problems and, willing to test the new president, began to speak out for change.”

Throughout the decade, the Catholic church of Haiti quietly sowed the seeds of change. Although the hierarchy of the church remained largely conservative, the “body” of the church—priests, nuns, and layworkers—continued to test the boundaries of official tolerance for criticism of the Duvalier regime. More importantly, these church activists spearheaded efforts to establish and coordinate several new forms of non-Duvalierist, grassroots peasant organizations in Haiti. In 1973 Father Yvon Joseph, a Haitian priest with the Holy Ghost Fathers, founded the Diocesan Institute for Adult Education (IDEA) in northern Haiti.

IDEA began with the goal of creating a pool of trained peasant leaders, known as “animateurs,” who would be “generalists skilled in raising peasant awareness, helping peasants identify and plan [development] activities, and forming [peasant] groups.” These groups would have two principle activities: economic development (usually raising livestock or working a piece of land together) and “conscientization.” IDEA was soon joined by church-based peasant training centers and peasant organizations.
in several other parishes and dioceses. The groups all shared largely the same goals and employed similar methodologies.

In 1976 the bishops of Haiti, perhaps drawn into the social arena by the activism of these parish-based organizations, “launched an ambitious research effort to explore the material and spiritual needs of Haitians and their wishes concerning the church.” Their research found that church members had a “widespread and deep desire for more group life, including groups devoted to prayer, study, and work and not dominated by the ordained hierarchy.”

These findings accelerated the formation of both the “ti legliz,” or little church, and the school-centered youth groups. Under the rubric of liberation theology, “Basic Christian Communities” developed in villages throughout Latin America in the 1970s. The ti legliz network was formed in the image of these “Basic Christian Communities” and spread quickly with official church sanction. The ti legliz flourished particularly in the north of Haiti, where the Bishop of Cap-Haitian, Bishop Gayot, gave the program unparalleled support. The youth groups that formed were a combination of the ti legliz and the peasant groups. The student groups were organized through the rural Catholic school system and were under the direction of parish priests. These student groups were unique in their emphasis on the study of social questions without any accompanying economic activity. Despite their important role in the eventual fall of Duvalier, there are no published studies of these youth groups.

The growing networks of peasant groups, ti legliz, and Catholic school-based student groups created a new force in Haitian politics that fits Migdal’s description of a peasant-based political movement. They provided a channel for peasant political participation by offering an alternative path to economic security through an institutionalized system of marketing approaches and by providing training for more effective integration into the national political arena. But members of Haiti’s peasant movement were not solely driven by the material incentives to participate. Participants showed a general willingness to defer material gratification. Organizational participation led to a greater degree of group consciousness and solidarity even among poor and illiterate peasants. As a result, the organizations were able to mobilize a broad-based movement with social and political goals that opposed those of the regime in power. This movement soon developed a constituency relationship with the church leaders who were strong critics of the Duvalier regime.

The Dechoukaj—The Church-Led Mobilization and the Fall of Duvalier

As African Swine Fever and the pig eradication program exacerbated Haiti’s severe economic crisis, the Catholic church emerged as the only
political challenger to the rule of Jean-Claude Duvalier. The absence of other opposition groups may have proven an advantage to the church. At the local level, priests were often the only political leaders and were relied on to gather resources, introduce innovations, and articulate local needs. At the national level, the church’s traditional role as collaborator with the state, together with the still nominally conservative church hierarchy, left a certain degree of political space for the Catholic church in the early 1980s. Moreover, unlike many of its counterparts in the rest of Latin America whose relationships with Communist parties and guerilla movements have traditionally been problematic, the church in Haiti was “free to pursue a social change orientation unrestrained by the political complications a Communist presence would introduce.”

The visit of Pope John Paul II to Haiti in March 1983 strengthened the church’s political commitment to social change. Duvalier received the Pope, perhaps in the hope that the official recognition of his government implied by the visit would serve to politically legitimize his regime. The result of the visit, however, was quite the contrary. During an outdoor mass for more than 200,000 Haitians in Port-au-Prince, the Pope declared:

"The Christians [in Haiti] have noted that there is division, injustice, excessive inequality, degradation of the quality of life, misery, hunger, fear... They have thought of the peasants who are unable to earn a living from the land, of the people who live on top of each other in the cities without work, ... of the victims of various frustrations... Things must change.”

The Pope’s call for change did not go unheeded. By conferring the full institutional support of the transnational church for the Haitian church’s emerging social program, the Pope’s visit fueled an accelerated assault on the Duvalier regime.

In response to the Pope’s appeal, the Haitian Episcopal Conference quickly published its “Declaration of the Bishops of Haiti on the Foundations of Church Intervention in Social and Political Affairs.” The declaration described the fundamental principles that justified church intervention in national politics: the dignity and primacy of the human being, the guarantee of the common good, and the preservation of political society for the common good. The bishops’ declaration was released to the public with a document entitled the “Global Plan of the Conference of Haitian Religious,” which promised an increased contribution “in concrete terms” to the promotion of the activities of peasant groups, “ti legliz,” and youth groups.” These activities would increase religious faith and help unify the urban and rural populations.

The church attacked Duvalier through the various types of peasant
groups, an increasingly vocal radio station ("Radio Soleil"), an official monthly publication in Creole ("Bon Nouvel"), and a pulpit in every diocese, parish, and village from which to denounce Duvalierist political excesses and social injustices. These forms of mass communication were extremely important as the Church social program moved from a local to a national level in the following years.

By 1984 the effects of the bishops’ message became visible. Amid increased tension in church-state relations, riots broke out in the town of Gonaives in May 1984. Crowds took to the streets chanting "down with hunger, down with misery." Police and soldiers fired into the crowds and killed at least two local residents. The international press focused on the crowds’ demands and labeled the disturbances as "food riots." However, the demonstrations in Gonaives were clearly a political signal. The riots were triggered by the apparently arbitrary beating of a pregnant woman by uniformed army personnel—not an uncommon occurrence in Haiti in 1984. But the Pope’s speech in 1983 had emphasized the violation of human rights under Duvalier, and by reacting as they did in May, 1984, the people of Gonaives appeared to respond to church calls for a stand against the regime’s abuses. The riots in Gonaives spread to several other cities but were just as quickly put down.

The Duvalier regime did not hesitate to send a signal back to church social activists. In November of 1984, the government arrested "over 30 church development workers, agronomists, and agricultural economists, most of whom were affiliated with IDEA." The Haitian government’s analysis of events in 1984 led it to conclude that the Catholic church—and more specifically the rural development branch of the Catholic church—was ultimately responsible for the growing political tension in Haiti. Once again in April of 1985, the Duvalier government arrested and expelled a number of Catholic priests working with local "ti legliz," reinforcing the message that the government had associated increasing unrest with the Catholic church program for peasant organization. Clearly, by early 1985, the lines were drawn between the church and the growing peasant movement on the one hand, and the Duvalier regime on the other. It would not be long before some of Duvalier’s supporters in Washington and Port-au-Prince would begin to reassess their interests in the continuation of Jean-Claude Duvalier’s rule.

The Haitian church, including the hierarchy, heated up its anti-Duvalierist rhetoric during the spring of 1985. The church organized several solidarity marches with the poor in Port-au-Prince and in the urban centers of the countryside. Nearly 80,000 people listened in Port-au-Prince as Archbishop Ligonde assailed "those who live in opulence while the masses live in poverty." Church marches and sermons openly condemned unemploy-
ment, poverty, repression, and torture. At the same time, the transnational church had declared 1985 “Year of the Youth.” In Haiti, the politically active church-based youth groups took the slogan to heart and organized a tight network of groups through national congresses and constant communication. The church at all levels prepared for a confrontation with Duvalier.

The confrontation came in the form of a referendum on a number of proposed constitutional reforms, the most significant of which would theoretically allow for the existence and functioning of political parties. The referendum scheduled for July 22, 1985 was little more than a democratic farce to “legitimize the continued hegemony of the president.” Church leaders and radio station personalities were calling for a national boycott. On July 20, a Belgian priest who opposed the referendum, the 78-year-old Albert de Smet, was beaten to death in his rural parish. His murderers were never found, although they were reputed to be members of the local Tonton Macoute. Three other Belgian priests were deported including Hugo Triest, the head of Radio Soleil. Finally, the regime silenced Radio Soleil by cutting the telephones and electricity to the station shortly before July 22.

The referendum passed with typical Duvalierist results—99.8 percent of the votes supported the proposed reforms. In response to the murder and expulsion of the Belgian priests, the church sponsored a march in Port-au-Prince and a day of fasting and prayer. The referendum was a landmark for both sides. For the Duvalierists, it signalled the beginning of Duvalier’s slide from power, as the government found itself allowing, and then cracking down on, a degree of opposition unheard of under Francois Duvalier. For the church, the support for the boycott of the referendum was the first demonstration of the size and strength of the anti-Duvalierist movement in Haiti. The church, together with the poor it had decided to champion, grew increasingly courageous.

At the end of November 1985 an unprecedented wave of protest struck Haiti. It began, again, in Gonaives, triggered by the arrest of a popular opposition figure and by a growing foreign exchange crisis that led to a national shortage of gasoline. The gas shortage disrupted transportation in the country, cutting off crucial deliveries of relief food throughout Haiti. On November 27, crowds took to the streets in Gonaives shouting “down with misery,” “down with dictatorship,” “long live the army.” They blocked the road going through the city and stopped a gasoline tanker demanding that it fill the pumps of Gonaives. The army eventually dispersed the crowd without incident.

But the next day—November 28—was the anniversary of a brutal crackdown in Haiti, and the students of Gonaives organized demonstrations of their own to commemorate the original crackdown, adopting the slogans of the previous day’s protests. The student-led demonstrations were met with violent repression from state security forces. Three school
children were killed on November 28; one of them was shot while standing in a schoolyard, away from the actual demonstration. The news of the deaths was widely broadcast on Radio Soleil and the Protestant radio station, Radio Lumiere. Demonstrations spread to towns throughout the countryside. The youth movement had three martyrs, more than enough to spark a nation-wide mobilization of the student network. A letter circulated shortly after the death of the three students in Gonaives captures the mood of the youth groups:

[The three students shot in Gonaives] died so that all Haitians could live and their deaths should serve as an example for all of us...
Young people, can we count on each other?
Young people, can the Church count on us?
Young people, can the country of Haiti count on us?
Young people, shouldn't this horrible situation change?

The Gonaives demonstrations shook the Duvalier regime. By the beginning of 1986, "demonstrations against the government including students, merchants, and others were spreading to many other [towns]. Schools were boycotted and businesses were closed. Demonstrators cut road access between Port-au-Prince and other major cities." Almost two years after they began, the demonstrations finally reached the middle and upper classes in Haitian society. Professional associations and even the Haitian Chamber of Commerce released guarded messages in support of the anti-Duvalier movement. But the Catholic church remained "at the forefront of what was popularly known now as the revolution. Throughout the crisis its more radical spokesmen such as Bishop Romulus [of Jeremie] had persistently criticized the regime in interviews and broadcasts, while locally the hundreds of ti legliz groups had provided a structure for local political discussion. At a huge demonstration in Cap-Haitien—the first demonstration to cut across all layers of Haitian society—the Catholic radio station broadcast a recording of the Pope's homily from 1983. As the dictatorship crumbled, one observer compared the role of the Church in Haiti to the Iranian revolution of 1979.

Finally, the costs of maintaining Duvalier in power for both his domestic and international supporters began to outweigh the risks of removing him. Despite difficulties in arranging his exile, international and domestic forces eventually prevailed as Duvalier fled Haiti for France on February 7, 1986.

Conclusion
Migdal's theory of peasant participation in national politics is a useful paradigm for understanding the birth and development of the peasant movement in Haiti. As a deep economic crisis hit rural Haiti in the late 1970s
into the early 1980s, peasant communities throughout the countryside found their very subsistence threatened. Upon discovering the economic institutions outside of their communities to be hostile to their interests, thousands of Haitian peasants turned to church-based peasant groups for economic and social security.

As peasants continued with the church-based groups, not only were their material needs addressed but, through Bible study and directed discussion, they came to examine the exploitation and injustice that stood as obstacles to Haiti's national development. The heightened awareness, when combined with the leadership and group skills gained through participation in the groups, gave the peasants an increasing sense of efficacy. This made it possible for many of the peasants to go beyond their immediate material needs and develop a sense of group and class consciousness.

At the same time, the only national institution in Haiti outside of the state—the Catholic church—began to articulate its political agenda. During the 1970s, the social program of the church expanded to include the new peasant associations. By the early 1980s the church had developed an explicitly political agenda. The visit of Pope John Paul II to Haiti in 1983 spurred its growing intervention in social and political issues. Thus, while peasants moved to find the church, the church was moving to find the peasants.

The union of a stable institution with a large, motivated constituency served to make the Catholic church the most important political challenger to Duvalierism during the final years of the Duvalier dictatorship. As successive peasant-based demonstrations shook the regime, it was only a matter of time before Duvalier would fall.

Migdal's theory does not capture all the forces active in the fall of Duvalier. Clearly the black middle class and national bourgeoisie played an important role in Duvalier's departure. By 1986 their growing disaffection with the regime, for different reasons than the peasants, helped form a national consensus on the removal of Duvalier. Haiti's most important international patron, the United States, turned this national consensus into an international cause. As early as 1982, United States pressure on human rights abuses may have helped anti-Duvalier forces. But the peasants' courageous defiance of the Duvalier regime in the streets forced these supporting actors to turn their backs on their former ally. Any analysis which excludes the role of the peasants sees only the surface ripples on the greater sea of change. It is the deeper current of change—not traditional urban elites or international forces—that propels political events in Haiti today. For with the election of Father Aristide, we are witnessing the formalization of popular participation in state affairs, the institutionalization of the dechoukaj.
Notes

10. *Ibid.*, p.120.
20. It should be emphasized that as a result of the crisis, many thousands of peasants migrated from their villages, leaving the countryside for Port-au-Prince or joining the growing tide of Haitian emigrants who, in small, rickety boats, risked the open waters of the Caribbean to reach the U.S. or the Bahamas in search of employment. Many more thousands remained, however; instead of risking hunger and drowning on the high seas, they risked the wrath of their local patron or the Tonton Macoute by choosing to participate in the Church-based peasant movement. When the United States and Haiti signed an agreement in 1981 that permitted the former to prevent, by force if necessary, the further arrival of Haitian immigrants, the out-migration route was blocked, and the peasant groups grew into an even more important venue for peasant survival.

22. Ibid., p. 161.

23. Ibid., p. 162.

24. Ibid., p. 162.


26. The Duvalier Government, under pressure from the Carter Administration, had launched a limited liberalization program in the late 1970s. This period saw the establishment of the Haitian League for the Defense of Human Rights, the appearance of a small number of opposition political parties, and a certain degree of press freedom, encouraging the appearance of independent radio stations in Port-au-Prince. But the Duvalier Government celebrated Ronald Reagan's election to the presidency in November with one of the harshest crackdowns in Duvalierist history. On November 28, 1980, the Tonton Macoute arrested, tortured, and killed opposition figures from politicians to radio personalities. Though the Catholic Church did not escape the crackdown, it remained standing after November 1980, and continued its work in the countryside.

27. M. McClure, *The Catholic Church and Rural Social Change*, p. 188.


31. It is important here to note that because of the very nature of the *dechoukaj* movement and the Duvalier Government, it is impossible to document (in most cases) direct involvement of members of church-based peasant associations in the various demonstrations that led to the fall of Duvalier. This research has yet to be done, and would require extensive interviews with church leaders and lay people who may yet be reluctant to fully explain the role of church networks in the *dechoukaj*. But because the *dechoukaj* was almost exclusively rural, the church was the sole actor on the national political scene, and the events followed increasing official church involvement in political issues, it is reasonable to conclude that church social and political programs were critical in the emergence and growth of the anti-Duvalier movement. Whether directly through peasant associations, or indirectly through church and radio "conscientization," church intervention in social and political affairs inspired broad peasant participation in the national *dechoukaj* movement.


33. Interview with Fritz Longchamps, 4/20/89.
38. *Ibid*.
40. *Ibid*.
41. Personal communication.
42. J. DeWind, D. Kinley, *Aiding Migration*, p.211.
This essay examines the question of state strength in Brazil during the authoritarian period. Since the exercise is motivated by the larger debate over whether authoritarian government is necessary for economic growth and development in third world countries, the criteria on which state strength are judged in this essay are specifically related to economic performance. I argue that despite Brazil's economic performance and the repressive capacity of the state, both policy choice and implementation reflect state weakness rather than strength.

This paper will address the question of whether or not Brazil was a strong state during the authoritarian period from 1964 to 1985. The larger question that motivates this inquiry is the debate over whether authoritarian government is necessary for economic growth and development in Third World countries. Brazil is an especially relevant case for such an inquiry because its "economic miracle" sparked much of the theory that posits an authoritarian government as conducive to or even necessary for economic growth and development.

The criteria on which state strength will be judged in this essay are specifically related to economic performance. An attempt will be made to identify qualities that are often put forward as advantages supposedly held by authoritarian states over non-authoritarian states, including, for example, the ability to carry out "economically rational" policies due to freedom from societal demands. A tentative definition of state strength in the develop-
mental context will then be formulated and used to assess the “strength” of the Brazilian state during the authoritarian period.

I will argue that despite its economic performance and its clear repressive ability, the Brazilian state was not a particularly strong one, even during the Medici period (1969–1974). Its ability to remain autonomous from society in both policy formulation and implementation did not appear to be significantly different in nature from that of non-authoritarian states. Both policy choice and implementation reflected a concern with maintaining legitimacy and support from certain sectors of the population, as well as an ideological need of the military to maintain both the forms of constitutional government and the belief that it was there to “save democracy.” These concerns affected the authoritarian regimes to different degrees during the period of military government, but all were present to some extent throughout the period.

**Definitions of State Strength**

State autonomy from society is one of the most commonly cited gauges of state strength. The primary defining characteristics of a strong state, then, become the ability of the state to formulate its own goals, insulated from particularistic pressures, and the ability to carry out those goals effectively, by affecting the behavior of other actors. However, “autonomy from society” obviously has vastly different meanings depending on the definition of the state being used. For example, Stephen Krasner defines the state narrowly as “those institutions and roles that are relatively insulated from particularistic pressures and concerned with general goals,” essentially non-elected, executive branch officials. In contrast, for Alfred Stepan state strength is defined in the bureaucratic-authoritarian context as, “the power to lead its allies [in society] and to execute a coherent development project.” Stepan adds an important dynamic aspect that is missing from definitions of the state and state strength such as Krasner’s which focus more on the static structural determinants. For Stepan, “the relative autonomy of the authoritarian state apparatus is highly fluid,” and depends to a large extent on civil society, on the changing ways in which static state policies or characteristics affect society, and on changes within the state itself.

For example, one important determinant of state strength is how much political and economic power the societal allies of the regime are willing to give up in exchange for stability and protection from the populist threat from below. The internal cohesion of the regime, as well as the “bureaucratic routines” it uses to carry out its objectives are also important determinants of state strength, but these can themselves change, as can their effect on civil society. Moreover, state strength versus societal strength need not be a zero-sum game. For example, Stepan argues that in Brazil from 1970 to 1973, both the authoritarian state and civil society gained power.
Authoritarian States as Strong States

Because the definition of a strong state is frequently based on the state’s ability to impose its own will on society, authoritarian regimes have often been assumed to be strong states. Much has been written on the relationship between regime type and economic policy or economic outcomes. Arguments have been made for positive, negative, and neutral relationships between authoritarianism and public policy choice and between authoritarianism and economic outcomes. However, the argument that authoritarian government is necessary for economic growth is, as one author puts it, “so pervasive in the literature that it is generally accepted as fact, though the assertion is rarely supported by definitive data of any kind.”

Empirical studies have found evidence to support both sides of the argument. Robert Marsh found that “…among poor nations, an authoritarian political system increases the rate of economic development, while a democratic political system does appear to be a luxury which hinders development.” William Dick, on the other hand, found no support in his data on 40 developing countries to support the argument that “authoritarian governments perform better than competitive governments do in the earliest stages of development.”

Karen Remmer argues that “the experience of Latin American countries since the outbreak of the debt crisis establishes no basis for asserting that authoritarian regimes outperform democracies in the management of economic crises.” To explain the lack of a strong link between regime type and responses to economic crisis, she points to the external limits on policy choice and the possible importance of economic structure or national policy commitments. Most important, however, is the fact that regime labels tend to over-generalize, lumping widely different types of government under the heading of authoritarian regime or military government. She argues that what matters are the “ideologies, political coalitions, and decision-making structures” that comprise particular governments.

What then are the ideologies, political dynamics and structures that are likely to be most conducive to the promotion of economic growth, that will make for a strong state in this respect? We can get some idea by looking at the literature that posits a relationship between authoritarianism and development, and examining the specific characteristics that are said to make the authoritarian government “strong” or “weak” in each case. These characteristics can then be used to come up with a tentative definition of the “ideal” strong state for economic development.

Marsh, summarizing the authoritarian model of development, lists the following assertions about authoritarian governments: they are better able to keep consumption low, thus creating savings and funds for investment;
they are likely to be more efficient in the allocation of resources; and finally, these regimes are in a position to keep the country from becoming dependent on industrialized countries because of their greater control over domestic economic actors.\textsuperscript{11}

Guillermo O'Donnell takes the argument one step further by maintaining that certain characteristics of bureaucratic-authoritarian regimes become necessary because of the very nature of dependent capitalist development. After exhaustion of the “easy” phase in import-substitution industrialization, in which vertical integration of industry has been postponed, it becomes necessary to begin the “deepening” process of producing intermediate goods so that dependent capitalist industrialization can continue. There is thus for O'Donnell an “elective affinity” between bureaucratic-authoritarian regimes and the need for deepening.

O'Donnell argues that economic problems caused by the failure to deepen exacerbated the political turmoil that eventually led to the coup in 1964 in Brazil. The new stage of development required that there be a great deal of future certainty in order to attract the needed foreign investment and to provide a favorable environment for strengthening export industries, which necessarily meant the exclusion of the “popular classes”. The military took over because a government with less force or repressive capacity could not have implemented the deepening process which he argues was “necessary to the survival of capitalism” in the country.\textsuperscript{12}

Those who argue against the idea that military regimes are more efficacious point out that while it is true that militaries by definition have some of the qualities described above (such as repressive capacity) and often possess many of the others as well, these characteristics do not necessarily apply to all militaries, at least not to the same degree. The Brazilian military regime, for example, was not totally free of influence from society. Indeed, as this paper will argue, many of its actions were based on a quest for legitimacy and a desire to maintain at least the trappings of constitutional government.

Moreover, the mere existence of desirable qualities does not ensure that they will be translated into appropriate action, nor does it ensure that the actions taken will be the right ones or will have the intended effect. As Fernando Cardoso points out, “structural possibilities and actual behavior do not necessarily coincide.”\textsuperscript{13} It is by no means clear that authoritarian regimes will resist all pressures well or be adept at dealing with new challenges. In fact, Cardoso argues that bureaucratic-authoritarian regimes have not adopted significantly different policies from their non-authoritarian counterparts, once inflation and capital formation are controlled for.\textsuperscript{14}

Clearly, state autonomy from society is not the only quality needed to carry out policy goals. An important distinction must be made between negative, coercive power and positive, motivational power. While most
Authoritarian states by definition possess the means to maintain a modicum of "social stability" through repression, it is not obvious that authoritarian states always have the bureaucratic capacity to implement their independently formulated goals. The danger of using the strong state-weak state formulation is that it often implies that the state is the only actor involved. However, state capacity also depends on the nature of the civil society with which the state is confronted. For example, the extent to which non-political institutions such as the church or the press are capable of resolving conflicts within civil society, and the nature of any pre-existing political party system may bear on state efficacy.

One key source of state weakness is the problem of legitimacy, the pursuit of which may drive states to abandon "economic rationality". Juan Linz and others point out that, while legitimacy is important at all times, the absence of economic prosperity makes it even more difficult for a non-ideological regime to survive.

The success of ... a combination of policies based on repression and development can assure some stability in periods of prosperity, but it can never satisfy those who ask questions about legitimacy ... .

The problem of lack of legitimacy is intensified when the use of force increases without an accompanying credible threat to the state. It also diminishes state capacity to absorb pressures, leading to increased repression. Thus repression and economic performance are seen as twin alternatives to a belief by the governed in the legitimacy of their government, and the need for repression becomes a symptom of weakness.

Clearly, there is little agreement as to whether or not authoritarian states are likely to be more capable of promoting economic growth than non-authoritarian governments. The purpose of this brief overview of the debate was to gain a better idea of the characteristics of a strong state, with specific reference to the goal of economic development. Not surprisingly, what is clear from this debate is that the inter-relational characteristics are most important. This is not a new point: the concept of state strength is necessarily relational. What is important is that it is not always possible to determine by looking at the static structures governing state-society relations whether a state is "strong" or "weak" in relation to society. The relationship is more fluid and interactive.

State Strength During the Authoritarian Period

The specific question of whether or not Brazil was a strong state during the authoritarian period can now be addressed. The country's economic performance will be examined to try to get some idea of how policies were
arrived at and how effectively the state was able to implement those policies. Rather than reviewing the entire authoritarian period chronologically, I will draw examples from the different military administrations to illustrate aspects of state strength or weakness.

Some of the most prominent arguments for the strength of the Brazilian state during this period are based on the idea that things like wage compression, deepening, and reduced consumption were necessary for growth to continue, and that these requirements necessitated a strong regime. Were these necessary in Brazil's case? Did the Brazilian state attempt any of these and how successful were they?

**Goal Formulation/Policy Preference**

One important factor affecting the state's ability to formulate goals independently of society is the degree of internal cohesion of the state, in this case, the military. The Brazilian military was mission-oriented. One of its primary goals in taking over the government in 1964 was to ensure "stable, capitalist democracy" in Brazil. The military that took over in 1964 was also staunchly anti-communist and prided itself on being above politics. The Medici government claimed to be beyond the pressures of society, "with technocrats and the military ruling in the best interests of the nominally unrepresented social structures." As political decision-making was kept hidden from the public, and the military took care to present a united front. "To preserve discipline and the image of unity, the disagreements were submerged in the final position adopted by higher command." As will be discussed later, however, there were important divisions within the "military-as-government" that affected its policy choices and outcomes.

Moreover, the constant need to shore up legitimacy, which was based mainly on economic performance, had important effects on government policy formulation from the beginning. The first post-1964 government, headed by Castello Branco, was more concerned than later governments with economic ideology. It embarked upon a quasi-orthodox stabilization program, and its announced goal was to reduce the role of the government in the economy in favor of private enterprise. This concern with orthodoxy faded with later governments as pragmatism took over. However, even in the Branco government, the need to maintain legitimacy made policy makers reluctant to curtail growth; hence government spending and investment was not reduced, nor was a more drastic "shock treatment" adopted to achieve stabilization.

In addition to its quasi-orthodox policies to control inflation, which included reducing government deficits by raising prices in state-owned enterprises, raising taxes, cutting credit to some parts of the private sector, and de-indexing wages, the Branco government took measures to stimulate
growth. It continued to invest in infrastructure, strove to encourage private savings by indexing them to inflation (even as wages were being de-indexed), and strengthened the National Development Bank, which was used to boost the purchasing power of the middle and upper classes by providing credit and small and medium-size loans. The Branco government also followed a policy of aggressive export promotion, which included devaluation, subsidized credit, and tax concessions to export manufacturers.

While these policies could not have been easily undertaken by a government with little control over society, and while they clearly displayed autonomy from the demands of the popular sectors, they also reflected a strategy of maintaining a base of support among the middle and upper classes. The policies undertaken by the Branco government entailed a consistent transfer of resources from the lower to the upper and middle classes. This strategy is evident in the simultaneous de-indexation of wages and indexation of savings, and in the use of forced savings from worker retirement funds to finance credit for the middle and upper classes through the National Development Bank.

Economic policy choices during the Geisel administration (1974–1979) also indicated less than total autonomy in goal formulation. According to Fishlow, "...at decisive choice points, political objectives helped undermine what might have been more sensible economics." Examples from the Geisel period include pursuing an aggressive growth strategy long after accelerating inflation and foreign debt indicated restraint, as well as continued attempts to placate an increasingly implacable business sector with credit and tax breaks. Instead of raising taxes to finance its development schemes, the government was obliged to increase its concessions to private business.

Perhaps the most important constraint on government policy choice during this period, however, was the desire to maintain international creditworthiness. This desire took on greater urgency as the government was increasingly unable to raise the resources it needed from sectors of its own society, and "practically dictated a series of policies with disastrous consequences for much of the domestic economy."

**Ability to Implement Policy**

Clearly, state autonomy from society was weakened during the authoritarian period by the need to retain the support of middle and upper classes and business, as well as the inflow of international capital. But once policies were determined, what were the administrative capabilities and limitations of the Brazilian state during the authoritarian period?

**Capacity for Control.** The authoritarian government's repressive powers covered an impressive range of activity and involved varying degrees of subtlety, from media censorship and suspension of Congress to intimidation and torture of the regime's opponents. The government's repression of
labor unions and all forms of protest during the bulk of the authoritarian period allowed the severe wage compression that most likely would not have been possible under a less repressive regime. In the Brazilian case, the government's capacity to exercise coercive control over society is interesting because changes in the nature and extent of this capacity over time reflect both internal division within the military and the effects of the military's ideology or "sense of mission" on its ability to exercise its potential power.

Although the term "the military" implies a faceless, unitary actor, the authoritarian period was marked by give and take between the "castellistas", or the moderates, and the hard line of the military. The "castellistas" were committed to the vision of eventually returning Brazil to democratic rule, while the hard-liners believed that Brazil could never achieve its full economic potential in an open political system. This often muted, internal dynamic became explicit during the Geisel administration.

As Stepan points out, the Geisel administration feared the hard-liners were gaining too much power and would interfere with the liberalization process. Since Institutional Act 5, instituted during the Costa e Silva government (1967–1969), the security apparatus of the state, controlled by the hard-line faction, had increased its influence. Skidmore captures the point well when he describes the position of Costa e Silva after the signing of the Act. "After issuing AI-5 he was still at the helm of the state, but its direction was in the hands of the hard-faced security men, telephone tappers, and torturers." 23

In response to the fear that the security apparatus was becoming too powerful, Geisel and his government reached down into civil society for allies in the struggle to limit its power. For example, censorship of the press was eased, and Geisel's response to protests after the death of Herzog in Sao Paulo was calculated to show some support for civil groups against the military hard-line. Thus, during the Geisel administration an increase in repressive capability signified both strength and weakness. It was a symptom of state strength to the extent that it gave the state greater ability to impose its will on society. However, it also signified weakness because it meant that the internal security apparatus was gaining in power relative to the rest of the government.

This is not to suggest that the Brazilian state was weak in its powers of repression. Its suppression of virtually all forms of organized activity in civil society has been well documented, and few would dispute the repressive strength of the Medici regime. Yet what I want to suggest is that the alternation between crackdown and easing of repression reflects the internal dynamics of the relationship between hard-line and moderate groups within the military. Thus while military governments in Brazil during this period did not have to contend with a viable opposition party, they did face
internal politics that directly affected the state's choice of policy and its ability to carry out that policy.

The Brazilian military’s "penchant for formal legitimacy" was also a weak link in the repressive capacity of governments during the authoritarian period. Although Congress had been suspended for almost two years beginning in 1968 and its opposition members intimidated and humiliated, political institutions were never abolished completely in Brazil. Even under the Medici regime, as Skidmore points out, "...the thread of congressional legitimacy had not been broken...Indeed, the Brazilian Congress was the scene of heated exchanges between ARENA [Aliança Nacional Renovadora] and MDB [Movimento Democratico Brasileiro] orators in both houses." Although these exchanges were never made public in the media, Congress nevertheless provided a forum in which MDB members could criticize government policy. In allowing the shell of Congress to survive, "the generals had left ajar a door that might open the way to democracy and rule of law." Stepan suggests that political parties were not completely crushed because they had never been very participatory in Brazil. They had always been controlled by patronage and charismatic leaders, and so they were not seen as much of a threat to the military government. However, during the height of repression in the Medici years, the government displayed enough concern about the electoral results that it took care to adequately intimidate the opposition.

Also during the Medici regime, the government was aware of the need to maintain support within its own government party. The leadership posts were evenly divided between ex-UDN [Uniao Democratica National] and ex-PSD [Partido Social Democratico] members, illustrating how even a powerful military government had to take careful note of pre-1964 political forces. Such attention to detail indicates a concrete need for support, and clearly runs counter to the notion that military governments are insulated from politics. Thus both the concern for sticking to the forms of constitutional, electoral government and the need to maintain balance within its own support coalition and within the institution of the state itself point to a weakening in the state's capacity for control, a significant deviation from the ideal "strong state" whose choices and actions are determined by technocrats and backed by brute force.

The compression of wages during the authoritarian period in Brazil is often cited as evidence of the strength of the government. Clearly, such repression indicates a high degree of control over society. However, Fishlow
Carrie Manning suggests that the compression of wages was not economically necessary and that it instead served political purposes for the regime. Inflation appeared to be due more to a rise in the price of foodstuffs than to wage demands. The government could have taken direct action on prices or moved to cut government expenditures. Fishlow argues that it did not take such action because the focus on wages gave the regime a scapegoat and allowed it to pursue redistributive policies that sustained its base of support. It allowed entrepreneurs to “defend and extend their income share” and permitted the government to be seen as fighting the populist threat. Repression of one sector was used to gain the support of others.

On the other hand, it is important to note that the Medici government did enjoy a fair amount of public support. Yet this support was based almost exclusively on economic performance. Middle sector Brazilians “...appeared to accept tacitly the authoritarian system because it made possible a new continuity and coherence in economic policy-making.” Urban workers seemed to feel that it was more important to have a strong government than an elected one, and that economic prosperity was a natural result of having “gone authoritarian”.

Despite this popularity, a final source of weakness was the authoritarian regime’s failure to institutionalize itself. The lack of substantive ideological appeal or a non-economic basis of legitimacy contributed to the failure of consolidation of the regime. This deficiency became both more obvious and more problematic after the “economic miracle” and the “credible threat”, the guerrilla movement, were exhausted in 1973. Even during the early years of spectacular growth (1968–1974), however, the state was unable to institutionalize itself. Stepan points out that the 1974 election results “can be understood only by realizing that in the period from 1970 to 1973 as a whole, the authoritarian state had failed in its attempt to win ideological hegemony in civil society.” At the same time, the opposition made organizational and ideological gains.

What was behind the state’s seeming inability to consolidate itself? Part of the answer is the belief among some of the military that their intervention was still only temporary. As has already been discussed, one of the principal aims of the coup, at least for the moderates in the military, was to “save” democracy. This made it difficult for the authoritarian regime to institutionalize itself for the long-term and retain any legitimacy or even unity within the military government. Failure to institutionalize can also be traced to the military’s unwillingness to take a corporatist approach similar to that taken by Vargas because of their anti-Vargas, anti-populist stance. Skidmore also suggests that another factor which kept the hard-line within the military from pushing for institutionalization was its fear of international disapproval.

Capacity for Administration. The authoritarian state in Brazil presided
over a period of tremendous growth. To what extent was state strength in terms of ability to carry out economically sound policies responsible for this growth? What were the structures and relationships, both within the state and between state and society, that determined the efficacy of the state in administering its policies?

Stepan emphasizes the importance of changes in civil society both before and after 1974, especially in “the capacity of civil society to formulate new goals and structure political outcomes...”34 Prior to 1974, during the extreme repression of the Medici regime, state policies and actions actually contributed to the strengthening of organizations in civil society. For example, the economic growth of the miracle years increased the number of workers by 38% between 1970 and 1974. The state’s policy of encouraging multinational corporations and not regulating concentration resulted in a large number of workers in the Sao Paulo area. These two factors combined to contribute to growth in the working class movements that later became important in the opposition to the state.35

There were also important processes of change occurring within and between organizations in civil society after 1974. For example, the newly-freed press provided a forum for political opposition among business elites. Similarly, base community movements begun by the church during the early 1970s were an important factor in the emergence and strengthening of the trade union movement.36 Thus, while the state had an active role in shaping the ways in which these organizations of civil society could develop, the organizations themselves also had important effects on one another after the lid of repression was lifted slightly. This “horizontal” process of reinforcement in turn affected the expectations and demands of society and the responses of the state, the “dialectical process of societal demand and state concession.”37

Public expectations about the nature and role of the state also shape state-society relations. Weffort describes the cynicism toward politics which he argues has been ingrained in the Brazilian people, and its feedback effect on politics. Their cynicism is mirrored in the ironic smiles of the powerful, for whom the lack of popular expectations serves as a license to act arbitrarily.38 One important factor affecting the formation of expectations toward the state is the nature of political parties. In Brazil, Cardoso argues that political parties were an elite affair. As was mentioned earlier in this paper, the non-participatory nature of political parties (and their assumed weakness and inability to mobilize sectors of the population) may have been one reason the authoritarian regime allowed political parties to remain in existence, albeit subject to government manipulation.

The nature and existence of political parties is often determined by the manner in which the state first emerges. In Brazil there was no nationalist party leading the fight for independence, nor were there “rising social
classes” demanding change. Instead, the Brazilian state emerged gradually and almost by default. This “original sin” — the failure of a civil consensus to develop around the nature and the role of the state, and the significant role of the armed forces in creating the state — has haunted Brazil ever since in its search for stable political institutions.

In Brazil, then, civil society has historically tended to be weak in relation to the state, due partly to the failure of society to come to a consensus about the proper nature and role of the state and the inability of potential mediating mechanisms such as political parties to engage large sectors of the population. Weffort argues that Brazilians have come to see democracy as a means to an end, rather than a system of relations between the state and civil society that is worth preserving.

"In the Brazilian political tradition, the idea that democracy is only one possible instrument of power among many, only a means, is so deeply rooted that it is difficult for us to conceive of democracy as an end in itself." The low level of demands and expectations of civil society from the state may have made it easier for the military government to establish its legitimacy based solely on economic performance. Skidmore supports this hypothesis by reporting that after the coup, many Brazilians initially were not very disturbed by their “loss of political options” because their degree of political participation had been so low before 1964.

Having examined the nature of the parameters within which the state had to operate in order to execute its economic policies, it remains to be seen how well the state was actually able to carry out these policies. What are the indicators of this capacity? One is the ability to motivate economic actors to change their behavior. The military governments in the authoritarian period alternated between strategies of import-substitution industrialization and export promotion, and were usually able to get the relevant economic actors to go along.

The procedure for changing macroeconomic strategies was fairly direct and straightforward as long as the government had enough resources to offer positive incentives for desired policies and to placate or repress important groups that did not benefit. The government’s export incentives included, among other things, excise tax rebates to exporters of manufactures and institution of the “crawling peg” exchange rate policy. Both contributed to substantial growth in exports. Fishlow notes that the export promotion policy also served to increase political support for the new military government. Export promotion both reassures external creditors and “caters to nationalist sympathies both by demonstrating the unique ability of Brazilian industry to compete internationally and also by reducing the reliance on external finance.”

Governments selected policies according to their ability to deal with the winners and losers. For all of the governments during this period, this
meant that the first priority was continued economic growth, since that was the primary, and at times the only, source of legitimacy for them. After that, they tended to pursue the "difficult" policies which affected the "popular sectors" more adversely than sectors from which the governments drew their support. This is not to say, however, that the Brazilian governments were always successful in targeting the effects of their policies toward certain economic sectors or that such targeting was the state's primary goal. However, an analysis of the winners and losers of economic policy suggests that decisions were not made solely on the basis of economic rationality as it is often asserted that authoritarian governments are able to do.

The authoritarian state's ability to intervene effectively in the economy waned as its resources dwindled during the Geisel administration. Stepan argues that the power of the state increased between 1967 and 1973, as measured by tax revenues as a percent of GDP, which went from 8.4 percent in 1967 to 10.8 percent in 1974, the increasing number of state firms among the thirty largest nonfinancial firms (by assets), the growing number of state banks, and the ability of the state to grant subsidies. Before 1975, increasing state participation in the public sector signified gains in state strength. However, with the anti-statism campaign launched by business in 1975, state involvement had become a liability. Business began to complain about excessive government involvement in the economy only when the government was no longer capable of passing along subsidies.

Fishlow, on the other hand, maintains that growth in the number of state enterprises was a measure of state weakness rather than strength. Its heavy involvement was due both to its reliance on foreign banks, which preferred to lend to the public sector, and to the state's own development strategy, which involved very large-scale projects, despite the fact that the state had declared a commitment to increasing the role of the private sector. He argues that it was this enlarged state role, which increasingly diminished the ability of private economic actors to have any control, that led to the anti-statism campaign.

Another way to evaluate the state's ability to implement policies is to ask to what extent the state itself actually affected outcomes. This is a bit risky, since it is difficult to say what would have happened in the absence of certain state policies. Nevertheless, it is an issue that deserves to be raised, since it directly addresses the question of the relation of state strength to economic development. The arguments below are by no means intended to provide irrefutable evidence of the importance or lack of importance of state actions for economic performance. Rather, they are meant simply to serve as a reminder that "state strength", especially within the narrow time period under consideration, is not the only factor to consider.

To what extent were the impressive growth rates achieved under the "economic miracle" attributable to actions of the state? Jose Serra argues
that although growth was very strong from 1968 to 1974, it followed a period of six years (four of which were under the military regime) of slow growth (3.7 percent). One could argue that the "miracle" period was "part of an upswing in the economic cycle." Serra also points out that the growth of the miracle years was founded on the idle capacity built up in the early sixties, and that one could interpret the high growth rates of 1968–1974 as simply bringing the Brazilian economy back to its normal postwar growth rate (about 7 percent per year).

Exports grew rapidly and diversified after 1968, as industrial products became more important. This success followed a period of relative stagnation in exports after World War II. What was the source of this export success? Serra argues that, in addition to the export incentives provided by the Brazilian government, high external demand for Brazil’s exports was crucial to the superior performance of exports in the late 1960s and early 1970s, as was the development of an industrial base prior to the military regime.

The authoritarian regime was able to reduce inflation from 80 percent just before the 1964 coup to about 20 percent after 1968. Two common causes of inflation in orthodox theory are labor unions and government deficits, both of which were eliminated in this period by the military regime. However, Serra points to another source of inflation that the regime was unable to resolve — "distributive conflicts — between the different sectors of the bourgeoisie and between the bourgeoisie and the public sector." This assertion is consistent with Fishlow’s argument that the government’s need to maintain support in the business community caused inflation, due to the use of monetary correction to provide credit subsidies.

In terms of investment, Serra finds that investment rates during the authoritarian period prior to 1972 were not higher than 1958–1963 rates. This may suggest that the military regime was not so much better at capital accumulation than previous, non-authoritarian regimes. It also suggests that neither the wage compression nor the severely unequal income distribution that occurred under the authoritarian regime were necessary to stimulate adequate investment.

**Conclusion**

It is hard to deny that the Brazilian government was "doing something right" during the authoritarian regime in order to have turned in such an impressive economic performance. However, the same policies that on the surface appear to demonstrate state strength can also be seen as reflecting underlying weakness. The Brazilian authoritarian regime demonstrated tremendous repressive power as well as the ability to change the behavior of economic actors in society. But even its successful, aggressive growth
policies were at times clearly motivated by the need for support. The state’s ability during the authoritarian period to formulate policy, its administrative capacity, and even to some extent its ability to control and repress were weakened by its continual need to shore up legitimacy.

Economic performance appears to have substituted for a more ideological basis of legitimacy, at least temporarily. The promise of economic performance gave the government room to maneuver from the beginning, and during the recovery and boom years from 1967–1974, economic performance made it easier for the authoritarian regime to get the cooperation of economic actors in society by improving its legitimacy. Its policies had proved successful, and it seemingly had the power to ensure consistency in economic policy-making. This made economic actors more willing to change their behavior or make investments, in the expectation of a more secure future than had been possible under regimes with less control over society. Civil society began to get “noisier” when the government no longer clearly had adequate resources to carry out its development “project”.

This is not to imply that the changing relationship between state and civil society during the Geisel and Figueiredo administrations was attributable only to changes in the state’s ability to perform economically as constrained by external factors and by the state’s chosen development strategy. The political “project” of the government, as well as its economic capacities, changed significantly during this period. Nevertheless, the dynamics of these changes serve to highlight the importance of having a source of legitimacy which is not based on economic performance. Economic policy during the Geisel period particularly demonstrates the serious lack of flexibility of the military government in policy choice as well as implementation. This rigidity was precisely the result of its dependence on support from certain sectors of society.

The failure of the state to institutionalize itself was both a reflection and a source of the lack of legitimacy, which translated into a lack of any basis for long-term support. The military itself did not seem to believe that it had a mandate to govern Brazil indefinitely — and for many of them the justification for the authoritarian regime was performance-based. In addition, the failure to develop institutions which would allow the regime not only to change economic behavior through short-term incentives but to provide some means of creating consensus and reliable support for basic policy goals prevented the formation of a sustainable mandate.

Many arguments for the necessity of a supposedly strong authoritarian regime are based on the assumption that authoritarian states are more able to follow rational policies because of their political insulation and monopoly on repressive force. The case of Brazil suggests that authoritarian regimes, if not as vulnerable as democratic governments, at least not as
immune as is often asserted. The authoritarian government clearly was not above society, able to carry out its technocratic goals in a sterilized environment of its own creation. Rather, the state's need for support from civil society conditioned its ability to formulate policy and even to exercise coercive control over society for the implementation of its policies. It may be that to a much greater extent than initially perceived, state strength, or state efficacy in developmental contexts, is a "gift from below."

Notes
7. Marsh, op. cit., p. 244.
8. Dick, op. cit., p. 823
9. Remmer, op. cit., p. 333. Note that Remmer is talking explicitly about crises while Marsh and Dick are looking at the development process in general.
10. Ibid.
11. Marsh, op. cit., p. 217. Exponents of this model include LaPalombara, DeSchweinitz, Heilbroner, among others.
13. Ibid.
15. Linz, p. 240.
19. The term military-as-government is used here to denote the military in its role in government throughout the entire authoritarian period.
27. Stepan, *op. cit.*
33. Skidmore, *op. cit.*
42. But it is obviously important to note that economic outcomes cannot all be credited to or blamed on the actions of the current state, since external economic conditions and the actions of preceding governments also are important.
45. Stepan, *op. cit.*
49. Fishlow, op. cit., p. 108.
50. However, investment data on Brazil is somewhat unreliable. Serra, op. cit., p. 158.
Is Old News Good News?  
Increasing the Recycled Fiber Content of Newsprint

Robert Graff

Abstract
As disposal of solid waste became increasingly expensive and problematic in recent years, many governmental jurisdictions mandated the separation and collection of old newspapers (ONP) to remove them from the waste stream. This sudden increase in ONP supply resulted in a price drop that threatened the survival of many programs.

In an attempt to increase ONP demand, laws were proposed, and in some cases passed, requiring newspapers to publish on recycled newsprint. In order to stave off what they saw as a threat to a free press, newspaper publishers, along with the newsprint industry, acted to increase the supply of and demand for recycled newsprint, as well as to increase the quantity and quality of collected newspapers. The market has been moved toward a new equilibrium with a much higher recycling rate. Although it is possible that this equilibrium would have been reached at a later date without government intervention, it seems unlikely.
Introduction

In a relatively short time, solid waste disposal has gone from a non-controversial, rather mundane task handled unseen (although often not unheard) in the wee hours of the morning, to a topic debated on the floor of the Senate and House of Representatives and displayed on the cover of Time magazine.

The United States produces a prodigious amount of municipal solid waste.\(^1\) In 1988, best estimates put generation at 179.6 million tons, of which 72.7 percent was landfilled and 14.2 percent was incinerated. Only 13.1 percent was recovered (removed from the waste stream for the purpose of recycling or composting).\(^2\)

Over the last decade, the “NIMBY” (Not In My Back Yard) syndrome effectively prevented the siting of new landfills or incinerators. As a result, existing capacity became more valuable. Disposal costs skyrocketed, as municipalities running out of landfill space were forced to ship their waste to distant disposal sites, often out of state. Tipping fees, the amount charged for final disposal of waste, increased dramatically. As a result, it became prudent to reduce the waste stream.

There are two general approaches to reducing disposed waste: generate less, and recover more. Although some attention has been paid to the former, most governmental action has been directed toward the latter. This has come primarily in attempts to increase the separation of certain recyclable materials (e.g. aluminum, steel, glass, newspapers, and some plastics) from the waste stream so they can be recycled, rather than consume scarce and expensive landfills.

Newspapers are generally the first material singled out for mandatory separation. They are the largest component of the household waste stream,\(^3\) so removing them has an immediate impact. Until the late 1980s, communities were able to sell their newspapers for a price that allowed recycling programs to show a profit.

As more mandatory programs came on line, however, the market became glutted, and the price of old newspaper (ONP) dropped to zero or below in many communities.\(^4\) In several communities, the cost of recycling ONP exceeded that of landfilling it.\(^5\) As a result some programs were canceled or postponed, and some separated newspapers ended up landfilled or incinerated.\(^6\)

Mandated increases in the supply of ONP overwhelmed market demand and price fell. Since newspapers serve as the anchor for most municipal recycling programs, many felt it was important to keep collecting them. Canceling programs that had just started would be seen as giving up on a long, hard-fought battle for responsible waste management. Lawmakers had a choice. They could either cancel the programs, or attempt to stimulate demand for ONP.
The primary end-uses for ONP are newsprint, recycled paperboard (e.g. cereal boxes), tissues and towels, and construction paper and board. In addition, a significant amount of ONP is exported, primarily to newsprint manufacturers in southeast Asia. Pressure was put on all end-users to consume more used paper.

Mandating the recycled content of newsprint used in newspapers, however, seemed the most promising candidate for increasing demand for ONP. There is potential for significant expansion of the use of ONP in newsprint production. Newspapers are viewed as high profile, community businesses, and newspapers themselves have been vocal on solid waste issues on their editorial pages. In addition, there is an undeniable elegance in using old newspapers to make new ones.

As a result, over the past two years eighteen states and two localities have enacted legislation or formal agreements controlling the recycled content of newsprint used by newspapers sold within their jurisdiction. Fourteen of these were enacted in the last year. That is, having disturbed the market by mandating supply, regulators now wanted to correct the market by mandating demand. This entry of government into the workings of the press illustrates the direness of the solid waste problem in the United States.

**Background**

In 1988, the United States consumed 13.6 million tons of newsprint. Of this amount 75 percent was used by newspapers. The United States and Canada (referred to by the industry as North America) form a unitary market for newsprint production. In 1988, 1.4 million tons of ONP from the United States were used to produce the 16.9 million tons of newsprint manufactured in North America. 8.8 million tons of ONP were landfilled or incinerated, 2.3 million tons were used for other domestic paper-making uses, and 1.1 million tons were exported.

Newsprint is made from wood fibers, which come from pulp trees (virgin fiber) or from waste paper (secondary fiber). Of the 73 newsprint mills in North America, all but nine use only virgin fiber. Not surprisingly, newsprint mills tend to be located near pulpwood forests. Mills producing recycled newsprint are located nearer the "urban forest" where ONP is produced.

The manufacture of recycled newsprint differs from that of virgin newsprint primarily in how the pulp is made. Virgin pulp is made by grinding and heating pulpwood, while ONP is turned into pulp by a process known as "de-inking," in which the ONP is pulverized in water, and the ink removed by a washing process.

The length and strength of the pulp fibers determine its suitability for making newsprint. Fiber properties deteriorate upon reuse, and the de-inking process rinses out the reject fibers. About 250 pounds of waste solids
are produced for each ton of ONP de-inked, assuming the ONP was made from virgin pulp.\textsuperscript{14}

As ONP is repeatedly recycled, fiber quality deteriorates to where recovering the usable fiber is no longer economically viable. Most experts agree that 40–50 percent recycled content is the maximum for a repeatedly recyclable ONP stream.\textsuperscript{15} That is, at least half of the fiber to make newsprint must come from either virgin pulp, or from ONP that contains new, never recycled fiber.\textsuperscript{16} Thus, in a steady-state system, almost half of the fiber recovered from ONP must end up somewhere other than as new newsprint. Some of the rejected fiber may be used to produce other pulp products, such as egg cartons or packing materials, which can use lower-quality fibers. The rest must be handled by other means, such as landfilling, waste water treatment facilities, or perhaps by enzymatic conversion into alcohol.

U.S. consumption of recycled newsprint is increasing rapidly. In March 1990, approximately 1.9 million tons, or 14 percent of the total newsprint consumption in the United States, contained secondary fiber.\textsuperscript{17} North American recycled newsprint production totaled about 2.1 million tons, consuming 1.6 million tons of ONP.\textsuperscript{18} As these numbers indicate, the recycled newsprint currently in production contains more than the sustainable 40-50 percent recycled content. Five of the nine de-inked newsprint mills produce newsprint made with 100 percent recycled fiber, while the remaining four produce newsprint made with 50 percent recycled content\textsuperscript{19}.

There is general agreement that the quality of recycled newsprint is on par with virgin newsprint.\textsuperscript{20} Its runability and printability are essentially the same. As the market for recycled newsprint has expanded, technological improvements have been made to what was once an inferior product. In addition, the price is essentially the same.\textsuperscript{21}

The Motivation for Mandating Increased Use of Recycled Newsprint

Believers in the omniscience of the market’s invisible hand would argue that the proper amount of recycling is already being done. The incentives of price and cost work to assure that the optimal amount of ONP is used in producing newsprint. The problems, however, lie beyond the reach of the magic hand. Walter Spofford, a researcher at Resources for the Future, states in an article concerning the use of ONP in the production of newsprint:

“...because of residual handling and disposal costs, and the associated external damages, the optimal reuse ratio for the private market will generally be less than the social optimum—unless, of course, all costs are internalized, in which case they will be the same. Public incentives, in the form of subsidies, charges, taxes, or regulation, will be required to encourage the outcome of the
private market to conform more closely with the socially optimal levels of reuse.\textsuperscript{22}

Making paper is not clean. Significant amounts of $\text{SO}_2$, $\text{NO}_x$, $\text{CO}$, and dust are released into the atmosphere, and the water is similarly deteriorated. It is estimated that 8,000 to 12,000 gallons of water are needed to process one ton of newspaper into newsprint.\textsuperscript{23} As is generally the case with industrial pollution, the impact of these emissions on the environment is not borne directly by the polluter.

Similarly, the cost that paper manufacturers face to cut down trees does not cover the costs to society as a whole. For private forests, external impacts such as downstream flooding (due to increased runoff), loss of wildlife habitat, and degraded vistas are not faced by the landowner. In public forests, the price charged for cutting trees often does not even equal the direct costs of the Forest Service.

From a solid waste standpoint, the manufacturer of paper does not face the cost of its disposal. The costs of municipal solid waste service in general have little relationship to the original producer of the product disposed (the major exception being beverage containers in “bottle bill” states). Paper manufacturers pay nothing to dispose of their products, which made up 40 percent of the U.S. waste stream in 1988.\textsuperscript{24}

Recycled newsprint has a clear energy advantage over that made from virgin pulp. Manufacturing 100 percent recycled newsprint uses 75 percent of the energy needed when making it from pulpwood.\textsuperscript{25} This is because it is easier to turn ONP into pulp than it is to grind up logs.\textsuperscript{26} Over five times more energy is needed to make pulp from pulpwood than from ONP (2160 vs. 390 kilowatt hours per ton).\textsuperscript{27} Valuing this energy difference at $0.06 per kWh, the average cost of electricity in the United States, this makes a difference of just over one hundred dollars per ton, about sixteen percent of the final selling cost of newsprint.

The cost of the solid waste externality has been behind the recent spate of legislative activity related to newspapers. Will Ferretti, director of the New York State Office of Recycling Market Development, noted in a recent speech that “[t]he solid waste crisis now being faced by many communities and states around the country is the result of a market system that does not account for the costs associated with products once they have been discarded.”\textsuperscript{28}

Ideally, a benevolent economist-king would make the cost of disposing a newspaper related to the purchase decision, perhaps by charging the consumer a disposal tax upon purchase, or by charging each consumer for tossing out his or her newspaper. Unfortunately, the political obstacles to either of these methods are many. Voters do not want to pay any new
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charges, and taxes on newspapers would probably violate the First Amendment of the United States Constitution.

Other economically preferred policies, such as a tax and credit system for virgin and recycled newsprint, are felt to be ineffective.\(^\text{29}\) Note, for example, that both the *New York Times* and the *Wall Street Journal*, among others, are printed in New Jersey. A New York state or city tax on newsprint would have no effect on these papers, which nonetheless contribute to New York’s solid waste problem.

A policy must not be judged solely for its economic impact, but also for its cost of administration. Monitoring mandated usage of certain fiber percentages for newspaper production is more easily done than administrating a disposal tax system. A system where “someone else is to blame” for the solid waste problem is more easily sold to the public. Although economics would certainly argue for a system designed to “get the prices right,” the realities of politics resulted in the mandated quota system. Although such a system is onerous to a free press, and ill-advised from an economist’s perspective, the threat of its implementation has resulted in the creation of an expanded recycled newsprint market, as we will see below.

**The Newspaper Industry’s Response to Regulation**

Responding to political and legislative pressure, major news organizations have asked their suppliers to provide them with increased amounts of recycled newsprint. The American Newspaper Publishers Association (ANPA), which represents over 90 percent of United States newspaper circulation, has encouraged its member papers to support local recycling efforts and to use recycled newsprint to the maximum extent possible.

ANPA has also strongly opposed mandatory fiber content quotas.\(^\text{30}\) The newspaper industry is vehemently opposed to any legislation that controls its activities. Many see recycled newsprint requirements as the first step towards government regulation of the press. As a result, the industry would prefer to defuse the rush towards legislation by being “good citizens,” and satisfying governmental concern voluntarily.

Newspapers are also turning to recycled newsprint to satisfy their customers. Environmentally conscious readers want to feel that they are using a “clean” source of information. A recent article in a newspaper industry publication\(^\text{31}\) cited anecdotal evidence indicating some potential readers have stopped purchasing newspapers because they were either not made of recycled newsprint, or were difficult to recycle because their community did not have a curbside ONP recycling program.

The standard regulatory device for increasing the recycled content of newsprint has been to define newsprint with a minimum secondary fiber content as “recycled,” and then mandate that a specified percentage of
newsprint used by publishers (escalating over time) be “recycled.” Forty percent secondary fiber, an EPA definition, has been the default standard. There are a number of economic objections to this approach.

The purpose of the legislation is to encourage the maximum feasible use of recycled fiber in the production of newsprint. The minimum fiber content approach denies any value to a manufacturer moving from zero percent recycled content to, say, 25 percent. It may well be the case that for a given manufacturer, it is economical to add less than the minimum standard.

On the other hand, designating a minimum standard does not encourage exceeding that minimum. A manufacturer would receive no advantage for producing 100 percent recycled newsprint.

The newspaper industry favors voluntary agreements that encourage the recycling newsprint industry. A December 1989 agreement in New York state is held up as a model. The main points are as follows:

- **increase the demand for recycled newsprint**: New York publishers agree to adopt recycled newsprint purchasing goals that will raise their consumption of recycled fiber from the current 7 percent to 40 percent by the year 2000.

- **increase the availability of recycled newsprint**: Publishers will encourage their suppliers to make investments in recycled newsprint production, and the state will take steps to attract a recycled newsprint mill.

- **establish New York as a reliable source of quality ONP**: The state will assist communities in developing collection programs that will provide an ONP supply that meets manufacturers’ specifications.

This approach has several advantages over simply mandating percentages. It responds to both demand and supply concerns. By using percentage of recycled fiber (on an annual basis, industry-wide) as the measure of demand, the industry has acted to ensure that the fiber will be used in the most efficient manner. Both publishers and manufacturers are given maximum flexibility. This provides an incentive for all manufacturers and publishers to integrate some recycled fibers into their operations. It also encourages intra- and inter-industry cooperation.

The second point of the agreement has two parts, both of which are intended to encourage investment in the recycled newsprint industry. By assuring recycled newsprint manufacturers a market for their output, the agreement encourages them to make the large investment necessary to expand production. This is especially important in helping to raise capital,
particularly given the excess capacity in the newsprint industry as a whole. Attracting a recycled newsprint mill to New York state, the second part of the goal, serves to ensure both a local demand for ONP and a local supply of recycled newsprint. Casting efforts to attract a mill in the framework of the larger agreement assures a potential newsprint manufacturer that there will be a market for the product.

The final point of the agreement, working to ensure the quality of ONP generated in New York state, is also essential to the agreement’s success. A steady supply of high-quality ONP is required to produce recycled newsprint acceptable to the publishing industry.

**The Newsprint Industry’s Reaction**

Newsprint manufacturing is a capital intensive business. Capacity is added in big, expensive chunks. A new mill costs about $500 million to build. As a result, the newsprint business is cyclical. As production approaches capacity, manufacturers add capacity, creating surplus capacity. The newsprint industry recently entered such a period of excess capacity. Demand is flat. The soft market has led manufacturers to lower prices to keep production high, thereby reducing their earnings.

At the same time, however, demand for recycled newsprint has increased dramatically, and recycling mills are operating at full capacity. Newsprint manufacturers are finding it necessary to add new capacity at a time when their earnings are low and demand as a whole is weak.

The manufacturers have little choice. Failure to invest in recycled newsprint capacity would mean loss of business. As a result, the last year has seen a remarkable commitment by industry to build sixteen recycled newsprint projects over the next two years. This will almost triple current capacity from 2.2 million tons to 6.3 million tons.

Most of this capacity is being created by adding ONP de-inking facilities to existing mills originally designed to handle pulpwood. Such retrofitting is far less expensive than building an entirely new mill, averaging about $225,000 per daily ton of throughput, or about $60,000,000 for a typical 275 ton per day operation.

As noted earlier, most newsprint mills are closer to sources of pulpwood than to ONP. To meet their need for ONP, many mills will have to transport paper long distances. This is particularly true for Canadian mills. These mills are expected to take advantage of empty train cars heading back to Canada after shipping goods to the US—so-called “backhauling.” Nonetheless, it is still less expensive to bear this additional transport cost than it is to build a new mill nearer to the “urban forest,” or to lose sales and market share by failing to meet demand for recycled newsprint.

Investment in new recycling capability has come about for several reasons. The newspaper industry’s embracing of recycled newsprint has
guaranteed demand for the product. In addition, the glut of ONP caused by mandatory recycling programs has brought the price of making newsprint from ONP too low to resist. Tonda Rush, director of newspaper plans and projects for ANPA, summarized these forces:

"It appears that making recycled newsprint is cheaper than making virgin [newsprint], and that it is enough cheaper [sic] to allow for the $30-$50 million capital investment that a virgin mill would have to make to begin de-inking old newspapers. ... If producers know newspapers want recycled paper, more of them will begin the two- to three-year process of developing de-inking capacity and making a high-quality newsprint available." 46

The market's reaction can be described in simple economics as follows (see figure 1). Due to mandated collection programs, the supply of ONP greatly increased (S to S'). The market's short-term demand curve for ONP was essentially vertical, 47 because the capacity of the newsprint industry to use ONP is limited by the available equipment. The price fell, from $P_1$ to $P_2$. Due to uncertainty of ONP supply in the long term and the high cost of capital, the newsprint industry was slow to add de-inking capacity. External
forces, including government mandates and reader preferences, caused the demand for recycled newsprint to increase (D to D'). The prospect of continued high supplies of ONP, as well as guaranteed long-term demand, acted to spur the newsprint industry to invest in de-inking capacity. The increased capacity is expected to bring the price positive again (to P), helping assure the political survival of curbside recycling programs, thereby extending the life of our cities' landfills. Note that the new capacity itself will serve to assure that a high amount of ONP is recycled. Just as ONP capacity is difficult to add, so is it difficult to remove.

It could be argued that the low price for newsprint would eventually have led to the same outcome. This may not have been the case. High capital costs, the need to transport ONP over long distances, the integrated nature of the pulp and paper industry, and the costs of developing new supply lines may have combined to outweigh any price advantage of ONP. In addition, before the recent environmental push, newspapers were demanding paper of increasingly higher quality, like that used in USA Today, which is made from 100 percent virgin pulp. Manufacturers were not going to switch to ONP simply because it was less expensive than pulpwood. It was the guarantee of markets for recycled newsprint as well as the threat of lost markets for virgin newsprint that spurred the change.

Conclusion

The general view among solid waste experts is that the crisis in ONP recycling has passed. Demand for ONP is coming back in line with the mandated supply. Investment in recycling mills is being made and public pressure has led many newspapers to commit themselves to using recycled newsprint. It is now in the interest of both of these industries to press for increased newspaper recycling. Keeping the supply of ONP high will keep the price for the mills' raw material down, which will, in turn, act to stabilize the price of newsprint for newspaper publishers.

Although legislation requiring specified recycled content for newsprint is not the economist-preferred instrument for increasing the recycling of newspapers, the rise of such regulations has served to spur both newsprint manufacturers and newspaper publishers to develop effective, efficient, and sustainable systems that will do just that. Without the threat of control, the market would not have responded as quickly. The industry has essentially reached a new equilibrium with a higher rate of recycling.

Notes

1. According to the US EPA definition, municipal solid waste (MSW) includes wastes such as durable and nondurable goods, containers and packaging, food and yard wastes, and miscellaneous inorganic wastes from residential, commercial, institutional, and industrial sources. MSW does not include waste from other sources.
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sources, such as municipal sludge, combustion ash, and industrial nonhazardous process wastes that might also be disposed of in municipal landfills or incinerators. [See US EPA Characterization of Municipal Solid Waste in the United States: 1990 Update, (June 1990), p. ES-2 and pp. 2-3 for full definition].

2. United States Environmental Protection Agency, Characterization of Municipal Solid Waste in the United States: 1990 Update, (June 1990), pp. ES4-ES8. Recovery does not automatically equal recycling or composting. The EPA definition includes materials separated for these purposes but which go instead to landfills or incinerators if, for example, markets for recovered materials are not available (ibid., p. ES-2).

3. In 1988, 13.3 million tons of newspapers were generated (7.4 percent of municipal solid waste). This was second only to corrugated boxes (23 million tons, or 13 percent of total 1988 generation). Unlike newspapers, however, corrugated boxes are generally found in the commercial rather than the household waste stream, and over 45 percent of them are recovered. [EPA, op. cit., pp. 39, 41].


5. This was most likely to happen when the landfill was city-owned, and the loss of landfill space was not seen as having a cost.


8. ONP is the largest export from the port of New York.


29. Florida implemented a $.10 per ton tax on virgin newsprint in 1988. With newsprint selling for about $650 per ton, this tax has not been a significant force for change.


36. On September 25, 1990, the Jefferson Smurfit Corporation, the nation’s largest producer of recycled newsprint, announced plans for a mill that annually will produce 275,000 tons of recycled newsprint from 330,000 tons of ONP. The mill should take three to four years to complete. [Wire News Network, transmission to J.S. Prendergast, American Newspaper Publishers Association, September 25, 1990; John Holusha, “Smurfit Plans to Build Paper Recycling Mill.” New York Times, October 2, 1990, p. D4.]


38. OECD, op. cit.


41. Sparks, op. cit., p. 52.

42. In a May 29, 1990 speech before the Conference Board of Canada Business Outlook Conference, H. Mason Sizemore, president and chief operating officer of the Seattle Times stated: “...newspaper publishers in the United States have committed [themselves] to using much more newsprint containing recycled fiber. If we can’t get it from our traditional suppliers, we will find suppliers who can provide it.”


45. Sparks, op. cit., p. 52.


47. T. Plant, An Economic Analysis of Regional Waste Paper Markets, Regional Science Institute (Philadelphia), 1978, estimated the price elasticity of demand for waste paper to be zero, and of supply to be between 0.19 and 0.29.

Educating New York City: Does School-Based Management Have What it Takes?

Nelson Fernandez, Kathy Larin, and Kei Hayashi

Abstract
This paper examines the contribution that school-based management and shared decision-making (SBM/SDM) can make to New York City's education system. We review the theoretical literature on education reform in general and on school-based management/shared decision-making in particular. We then examine implementation of SBM/SDM, focusing on the administrative and bureaucratic constraints of the New York City educational system. The experiences of two schools under the reform serve as case studies. We find SBM/SDM can offer limited educational improvements for New York City, but does not solve the problems of a defective incentive structure. In addition, we found that it does not transfer any real power to the schools. In the absence of more radical education reform, however, SBM/SDM can offer an improvement over the present system.

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Introduction: Posing the Question
In September of 1990, educational reform was introduced to the New York City school system in the form of “school-based management/shared decision-making (SBM/SDM).” Under the guidance of the new chancellor, Joseph Fernandez, a pilot program was implemented that could eventually affect the governance and policy making structure of schools throughout the city. Although it is too early to conclusively evaluate the effects of the reform, a critical examination of the theory underlying school-based management in the context of New York City schools’ distinctive organizational structure and current condition can yield insight into the potential success of the effort. This paper will not address the issue of whether school-based management is the best educational reform, but instead asks the question: what, if anything, can SBM/SDM offer New York City? Do the SBM/SDM reforms offer any hope of improvement, or are they doomed to failure?

In order to address these questions, this paper first presents a theoretical overview of school-based management. We then examine the institutional setting in New York City, with a focus on those aspects that may have a particular impact on prospects for success of SBM/SDM. We discuss what has developed in schools participating in the pilot program since it began in September of 1990, and how various participants and observers within the community have responded to the reforms. Finally, we evaluate the information in light of the theoretical literature to come to a conclusion about what SBM/SDM can offer New York City.

The Theory: A Review of the Literature
For the past half century, the American educational system has become increasingly centralized and bureaucratic. Ideas about education policy have been shaped by a notion of a “one best system” based more on historical trends than on a critical evaluation of outcomes as they pertain to educational goals.\(^1\) In recent years, deficiencies in the system have become apparent through an alarming trend toward lower achievement test scores, higher dropout rates, increased absenteeism, and an overall increase in dissatisfaction with the system. While there is widespread agreement on the nature of the problems facing American high schools, there is considerable controversy over how to address these problems most effectively. Over the past few decades, several types of school reform have been implemented around the country with varying degrees of success. Some of the most widely used reforms fall under the conceptual umbrella of school-based management.

School-based management achieves bureaucratic decentralization through the transfer of decision-making power from the state, district, or community level to the school site itself. The specifics of school-based
management plans vary substantially according to community and school needs, but in general, school-based management programs tend to be characterized by a representative decision-making or advisory council at the school site. The council may include teachers, parents, administrators, the principal, students, or a combination of these groups. A council may be involved in substantive decisions pertaining to personnel, curriculum, and the budget, or it may simply be an advisory council with no real autonomous power.

The theoretical rationale for implementing school-based management is grounded in the research on effective schools. Educational researchers including Coleman, Rutter, and Sizer cite parental and community involvement, decentralization of bureaucratic control, and a unified “vision” or “ethos” as critical factors in explaining the effectiveness of schools. Although school-based management reform efforts frequently do not address the issue of student performance directly, students are regarded as the ultimate beneficiaries. When the idea of decentralization was first introduced in the 1960s, it was regarded primarily as a means of improving administrative efficiency. Current reform efforts might focus on solving specific problems within the school, implementing a special project, or changing the future direction of the school. Although these issues might not be directly related to student achievement, students are expected to benefit indirectly. For example, proponents argue that by giving teachers more responsibility, schools are better able to attract and hold better individuals. Students then benefit from more motivated and satisfied educators.

Studies of effective schools often cite parental and community involvement as another important aspect of successful schooling. Supporters argue that both parents and teachers tend to be more attuned to the particular needs of students and the community than administrators, and are in the best position to design programs and effect changes to benefit those they are trying to teach. School-based management is one way to provide an institutionalized setting in which to effect this type of participation.

While some of the secondary effects of school-based management are clearly positive, other effects are more ambiguous. One of the most frequently cited problems with school-based management is the absence of a well-defined chain of accountability. In some cases, accountability is centered on the principal, whereas in other cases, the entire decision-making board, or even the superintendent, is held accountable for outcomes. Some researchers argue that the establishment of a clear chain of professional accountability is critical for the success of SBM. Guthrie, for example, envisions the school council as having an advisory capacity to the principal. The principal then has all final decision-making power and is held accountable for results.

Because most school-based management reforms have been undertaken quite recently, there has been little research done to evaluate their effec-
tiveness. Studies tend to be small in scale and focus on qualitative evaluations by participants rather than rigorous quantitative analysis (it is generally agreed that improved test scores cannot be expected for at least 5 to 10 years into the program). While these studies cannot be cited as conclusive evidence as to the potential success or failure of SBM, they can provide useful insights.

A study of Project SAIL, a limited SBM reform administered in two New York City schools in 1987, revealed that 80 percent of teachers involved believed student achievement had improved. Reading and math scores on standardized tests increased significantly over the two years of the study, and attendance improved.\(^4\) An evaluation of the Dade County reforms showed similar results in terms of attitudes, attendance, and qualitative evaluations of student performance.\(^5\) In general, teachers who feel that school-based management gives them real authority report increased feelings of professionalism and job satisfaction.

All evaluations have not been as positive, however. Teachers who have only marginal authority but are required to spend more time on meetings, reports and planning tend to view SBM as yet another example of top-down demands. Being forced to make decisions on topics about which they have little information can leave teachers frustrated and disillusioned. Critics also cite lack of strong leadership by the principal as a major reason for the failure of SBM efforts. In addition, if decisions are made by consensus, personality conflicts and over-attention to minor details can make it difficult or even impossible to implement any change.

By design, school-based management is a loosely defined concept that allows districts to individualize decision-making structures and tailor programs to unique schools and communities. This lack of structure, while allowing for marked improvements, may also lead to dramatic failures if the school's goals or procedures are poorly delineated.

In New York City, there is an additional component to the school-based management plan currently being implemented, called "shared decision-making (SDM)." SBM/SDM differs from some school-based management programs in that it explicitly involves a decision-making team that includes both parents and teachers. This council acts not as an advisory board, but as a decision-making unit within each school.

SBM/SDM: Bringing it to New York City
When Joseph Fernandez was hired as chancellor of the New York City school system in January 1989, he immediately announced plans to implement a school-based management/shared decision-making reform similar to the one he oversaw as the Deputy Superintendent of Schools in Dade County, Florida. Fernandez introduced SBM/SDM in the Miami area in 1985 when Dade County was facing the possibility of severe teacher
shortages. In order to preempt shortages, the superintendent, along with the school board and the United Teachers of Dade, articulated a series of reforms that were referred to as the “Professionalization of Education.” In the context of Miami, SBM/SDM did not define what its objectives were with respect to the students. Nevertheless, some outside observers gave the reforms positive initial evaluations, and Fernandez was personally given credit for turning around a system of ailing schools. Fernandez was thus brought to New York City to work the same type of “miracle.” The reforms were announced immediately, accompanied by a flood of media attention. In tailoring his program to the new setting, the original goals of the Dade County reform were broadened to include not just the professionalization of teachers and parental involvement, but also a better and more tailored education for the students in New York City schools.

Fernandez came to New York City believing that in order for an educational reform strategy to be effective, it would have to entail freeing teachers, administrators and parents from the constraints of some government and Central Board of Education rules as well as from some union contract provisions. Briefly, although Fernandez’ theories were consistent with the premises underlying the effective schools literature, even some educators who subscribe to the theory contend that the vehicle he has chosen to embody them, SBM/SDM, will not be effective in making these theories come to fruition.

The implementation of SBM/SDM consisted of several stages. In March 1990, special circulars describing the theory and goals of SBM/SDM were sent to all schools, along with a description of the application process. Schools were then required to submit letters of commitment by May 1990, in which they would state their educational intent; this would be followed by borough-wide meetings for interested schools with the Central Board. Finally, submission of the planning proposal was to occur by June 8, 1990 and approval of the initiative by late June. Upon completion of this process, eighty schools were chosen to participate, beginning in the fall of 1990. Chosen schools received a base allocation of $7,500 and a per capita allocation of $7.00 for each general and special education student enrolled, up to a maximum of $20,000. These funds were earmarked for the exploration of potential programs and procedures eventually to be implemented under school-based management/shared decision-making.

**Bureaucracy: How is the System Governed?**
If we are to assess fairly the potential impact that SBM/SDM may have on the education system in New York City, we need to be very clear about how the model fits into the existing governance structure of the New York City public school system, paying careful attention to the transference of power that takes place among the major players. If we determine that there is
virtually no significant realignment of power among these institutions, we will examine what limitations this will have on the objectives of the proposed reform. In order to accomplish this, we need to review briefly what the current governance structure looks like so that we may determine if the changes under SBM/SDM will be sufficient to meet some of the objectives stated above.

School governance in New York City consists of a seven-member, appointed, Central Board with the chancellor as its director, and 32 local community school districts, each of which is managed by nine-member community school boards that select district superintendents.

Since the Decentralization Law of 1969, which divided the New York City School System into 32 community school districts, local community boards have been responsible for hiring district superintendents and appointing principals and assistant principals from lists of eligible candidates who were licensed by the Central Board. They are also responsible for policies concerning the curricula in their respective districts. The district superintendent manages the local boards and assumes responsibility for compliance with local, state, and federal laws governing schools. Under school-based management/shared decision-making, the local school board would establish goals and standards of leadership for the schools, establish standards for evaluation and approve basic funding formulas. However, local boards would no longer have the power to make decisions concerning the curricula and organization of their respective schools. The district superintendent would continue to be held accountable for implementing the Central Board’s policies at the district level.

Under SBM/SDM, the Central Board is intended to be primarily a policy-making branch, responsible for establishing goals and standards of leadership for the schools, establishing monitoring and evaluation systems, providing technical assistance where it is needed, and coordinating the implementation of SBM/SDM. In fact, as described by Fernandez in the article mentioned above, the reform does little to change the roles of the central and local boards.

School-based management/shared decision-making places the decision-making process concerned with budgeting, staffing, and curriculum at the school level. It assigns a managerial role to the district superintendent, making him accountable to the local board, and creates in the chancellor and the Central Board the role of ultimate arbiters when there are disagreements within the system.

Although there has been an attempt by the Central Board to transfer power from the local boards to the individual schools, we conclude that it has not been substantial. Despite the Central Board’s attempts to clarify the new roles of the governing structure under SBM/SDM, there is still a great
deal of confusion among some of the district superintendents about their new functions in particular and the functions of the community board in general. However, despite the fact that we have not seen evidence of a truly defined and substantial transference of power from the traditional players to the individual schools, we do see evidence of increasing autonomy in SBM/SDM schools. We provide examples in the form of case studies later in the paper.

It should be noted that SBM/SDM is being implemented in New York City at the same time that discussions are taking place concerning the governing structure of the public school system. Whereas Thomas Sobol, the state commissioner of education, is examining recommendations concerning governing structure, the Gill and Marchi Commissions are provoking thought and debate on the issue of governance in the context of the New York City Board of Education. The former investigates corruption in decentralized districts and chooses the community school boards as the locus for change; the latter was mandated to review and make recommendations for changes in New York’s Decentralization Law. Clearly, school-based management/shared decision-making is implicated in the work of both of these commissions, since it requires modifying the school’s organizational structure while maintaining the institutions that have traditionally been at the center of the bureaucratic process in New York City.

In January 1991, the Marchi Commission concluded that “...the corruption-plagued system be retained but that it be divided into smaller districts and that more power be shifted to the school level.” We are unconvinced by commission member Dr. Mario Raimo’s comments that “this is a major transformation of the school system that until now has been hierarchical and bureaucratic.” If anything, the commission’s proposal heightens the level of bureaucracy (by augmenting the number of school districts and establishing a ward system) that many feel is at the heart of the problem. In addition, we believe it is very unlikely that a commission that was itself created by the state legislature would attempt to implement any reform strategy that greatly curtails the power of the local school boards. They are given no incentives to do so, since these boards continue to empower legislators in return for political patronage.

We would argue that precisely because SBM/SDM constitutes an attempt at reform from the top down, the very institutions that many feel are at the root of the problem are left unchanged. However, this does not necessarily imply that SBM/SDM will offer nothing to New York City. One specific question that we explore further is whether or not SBM/SDM would offer improved educational programs and achievement for all students, increased accountability and greater flexibility and responsibility in educational planning, budget development and management at the school level.
The Politics of Adoption: Institutional Dynamics

Having defined the current organization of the school governance structure and outlined Fernandez' proposed goals, we can now examine the broader political and organizational issues affecting SBM/SDM's implementation. The existing educational bureaucracies, the unions, community composition and financial constraints each affect the implementation of SBM/SDM in New York City.

Fernandez has centralized substantive decision-making authority on SBM/SDM reform, by issuing the directives for SBM/SDM from Livingston Street and by making the final decision as to which schools will constitute the program participants. This effort at consolidating the responsibilities for reform has elicited criticism from some educators who question the skill and competency with which Fernandez and his staff are making key decisions.\(^\text{13}\)

Two centralized control offices are the Office of Technical Support, that provides participating schools with teacher training workshops, facilitators, and other forms of technical support in the planning of SBM/SDM; and the Office of Parental Involvement, established for the parents and community members of SBM/SDM schools. However, some of the superintendents and principals do not view the staffs of either support office as knowledgeable regarding public school issues. Such critics base their judgements partially on direct dealings with the offices, but also on prejudices against individuals on the staffs who do not have backgrounds in teaching.\(^\text{14}\) Another criticism is that the facilitators are very often not available for the schools' advisory board meetings, and if they are available, the amount of time they have to devote to the school is minimal and fragmented.\(^\text{15}\)

To demonstrate the existence of strong leadership at the Central Board, Fernandez is flexing his authoritative muscles in the direction of the superintendents and the local boards. He recently fired two superintendents, a responsibility usually reserved for the local boards. In the first round of court battles, the New York Supreme Court ruled that Fernandez overstepped his authority. In general, his confrontational methods have reflected a specific disregard for the authority of the superintendents and local boards in favor of putting control in his central staff.

John Falco, assistant superintendent for schools in District 4 criticized the way SBM/SDM has been implemented in New York City, stating “Fernandez' idea of shared decision-making is that he makes the decisions and shares them with us.”\(^\text{16}\) Although the process has been perceived as top down, it has been so only in the sense that momentum for SBM/SDM originated at the Central Board. The schools themselves decided whether or not to submit proposals and what content those proposals would have. In fact, several schools in New York had been using some form of shared
decision-making before Fernandez came to office.

While he has not explicitly articulated the intention to do so, Fernandez may be bypassing superintendent and local board authority in order to give schools the discretion they need for SBM/SDM. Whereas previously the local school boards had some control over curriculum and budgeting policies, Fernandez' plan allows individual schools to assume these responsibilities. If successful, SBM/SDM will eventually no longer need some of the more centralized support bureaucracy established to get it off the ground. Fernandez has encountered and may continue to encounter opposition from those who perceive his management of SBM/SDM as inconsistent with the theoretical basis for the reform, and from those who perceive his reallocations of authority as a threat to their own power. Thus far, the City's educational bureaucracy has affected the way in which Fernandez chose to administer and support the reform indirectly. One could argue that he did not create a large district role in the administration of SBM/SDM. But despite the fact that Fernandez has made little effort to include the local boards in the implementation process, they have not collectively opposed the reform.

A discussion of the New York City educational governance structure should not exclude the role of New York State's Board of Education. The State Board of Education has responsibility for deciding state-wide educational policies, setting curriculum guidelines and overseeing school performance. It insures accountability through student testing, school accreditation and teacher certification. Currently, there is a nation-wide trend toward more state regulation of schools.

Perhaps the greatest influence the state can exert on Fernandez' plan is through its funding policy. In his 1991 budget proposal, Fernandez stated that "SBM/SDM will not work unless we ensure that our school system has an adequate level of basic resources,...[a] level of resources not yet in place." As it stands now, many districts in New York City receive fewer funds than some suburban districts. This year, Fernandez has referred to the Salerno Commission's recommendations concerning the fairness in funding issue. The commission recommends guaranteeing realistic pupil counts, adjusting for regional cost differences, and recognizing inner-city poverty.

In his budget, Fernandez criticized the state's use of categorical funding, whereby the state issues grants to the city for targeted programs. By restricting schools' ability to allocate these funds, he argues that the specific needs of individual schools cannot be met. He also accused the state of not trusting the New York City educational system's financial management. He has criticized the state most forcefully for its limits on discretionary funding for school-based initiatives.

Educational professionals such as Myron Lieberman have posited that
unions are the major obstacles to educational reform. His claim is based on the fact that much of what constitutes educational reform today is subject to collective bargaining either directly or indirectly. However, Lieberman may be overstating the case when he asserts that because unions at heart represent only “teacher” interests such as higher salaries and shorter days, they very often do not support general educational interests. As Ronald Jones of the U.F.T. has pointed out, teacher unions do represent broader educational interests through their roles as professional societies simply because teacher interests are of themselves inclusive of more general educational goals such as improved pupil performance.

Not only are unions potentially supportive of certain types of educational reform, but they are especially prone to advocate precisely SBM/SDM’s brand of reform strategies. That is because the nature of the SBM/SDM reform is itself ideologically in agreement with traditional union interests. Teacher professionalism and autonomy are at the center of the SBM/SDM reform strategy in New York City. As a result, both the U.F.T. and the Board of Education in New York have encouraged the establishment of an interdependent relationship based on shared interests.

The U.F.T. has ensured a continuing voice in SBM/SDM reform through several stipulations in its Memorandum of Agreement with the Board of Education. These establish, among other things, that the union representative from each SBM/SDM school must hold a seat on the decision-making committee, that a majority of the team must be non-supervisory pedagogues, and that non-administrative staff (e.g. teachers and support staff) must show 75 percent support for SBM/SDM in order for its existence and continuation.

As an employer and as an institution, the union has political motivations for supporting SBM/SDM reform. Its support of Fernandez has facilitated bargaining and ensured that it will continue to be a major player in the further development of the reform. Furthermore, by fostering the perception that it is a proponent of educational reform, the union can swing the tide of public opinion in its favor, a factor that it can use to its advantage in public sector bargaining.

So far, the U.F.T. has had a positive effect on the implementation of Fernandez’ New York City version of SBM/SDM. However, the union may come to exert a negative effect on the reform effort. Of the chancellor’s $90 million 1990–91 budget request, $13 million was specified for “Professional Development,” another $54 million for expanded staffing. This has led some non-teaching educators to believe that the bond between the U.F.T. and Fernandez has become too close, and has created a concentration of power in the union. Through its newly acquired power and already substantial resources, the union may perpetuate its control unfairly.

The Council of Supervisors and Administrators, which represents
principals in New York, has been a somewhat reluctant supporter of SBM/SDM. Principals stand to lose the most power as decision-making authority is transferred to the decision-making teams. The union has agreed to back SBM/SDM only when these teams base their decisions on consensus rather than majority voting. This ensures that teachers will not control the decision-making process.27

Since New York was divided into districts in the late 1960s, the Board of Education has not evaluated the effectiveness of current parent/community organizations in encouraging participation in schools, nor have they provided any institutionalized support for parents who want to have an active role in the education of their children.28 This is particularly disturbing given the results of several studies that have shown that a student’s educational success is directly related to the correlation of teacher and parent values, and the ability of parents and teachers to communicate.29 Over the past ten years in at least fifty different studies, researchers have come to a general consensus: “...everyone benefits when parents are involved in their children’s education. Not only do individual children and their families function more effectively, but there is an aggregate effect on the performance of students and teachers when schools collaborate with parents.”30

But despite agreement that parents may contribute to student achievement by expressing an interest in their children’s education, many educators feel that decisions about the organization, management, and curricula of schools should be left to professionals. In New York City, this has resulted in a feeling of alienation on the part of many parents who are participating in decision-making teams. Recently, a teacher in New York’s P.S. 192, who is herself in favor of parent involvement, expressed the concern that her colleagues discouraged enthusiastic parents through their stereotyped views of parental roles.31

During the fall, Fernandez established an Office of Parental Support to provide special training workshops for parents involved in SBM/SDM schools. This initial effort to involve parents in SBM/SDM did not, however, receive any funding in his 1990-91 budget.32 Despite the fact that budgets alone do not determine an administration’s commitment to a policy initiative, his failure to follow through with these support efforts demonstrates that Fernandez has not made parental involvement one of his major concerns.

A final issue often raised in an analysis of educational reform is that of funding. SBM/SDM’s viability given New York City’s financial situation is questionable.33 The only funding being provided for SBM/SDM in its initial stage are start-up or planning grants. Many of the schools have received these funds out of Chapter One federal grants. Those not eligible for Chapter One grants, however, are funded through the City’s education budget. While he has articulated a commitment to fund SBM/SDM planning grants through this year, it is uncertain whether he will be able to
continue this commitment in the future given economic and budgetary constraints.

Two Case Studies: Snapshots of SBM/SDM in New York City
There are currently 130 schools participating in the SBM/SDM program, and by the end of the school year the Central Board expects there to be 200 schools participating. These schools were given extremely broad guidelines to follow in formulating their proposals. Consequently, the composition of the SBM/SDM decision-making teams, the scope of their authority, and the organizational structure of each management unit is different. While we cannot be exhaustive in our exploration of the programs implemented by different schools, two case studies will give some indication of the range of reforms.

P.S. 13: The Creative Learning Center
P.S. 13 is a middle school in District 4, located in East Harlem. It serves approximately 200 children in grades 6–8. A brief look at the history of the Creative Learning Center (CLC) reveals that the school went from being one of the better schools in New York City in the mid-1970s to one of the worst by 1980. The school was marked by low teacher and student morale, poor academic performance, and high drop-out rates and absenteeism. Drugs, alcohol and violence exacerbated the problems. It became a dumping ground for students who were unwanted by other schools. In 1985, under director Michael Fisher’s guidance, the first precursors to SBM/SDM were enacted. They entailed involving teachers in the school in a broader sense than just in the classroom. The school introduced an innovative student leadership program, and anticipated further changes to improve the school environment and effectiveness.

When the school received information concerning SBM/SDM, they already had an informal decision-making structure in place and an active parents’ association. Although under the guidelines of the Central Board, 75 percent of the school staff would have to approve of a plan to implement school-based management/shared decision-making, at P.S. 13 there was 100 percent approval. A formal SBM/SDM team was elected that included 5 teachers, 2 parents, and the director, and it was agreed that decisions would be made by consensus. The planning grant for CLC amounted to about $3000.

Under the proposal, several changes were made to the school’s curriculum, organization, and accountability mechanisms. For example, the school day was restructured so that 40 minute classes were replaced by 60 minute classes. Classes were reduced from 30 students each to 20. Two hours per week were allocated for “Power Hours,” where students work independently and receive in-school tutoring from teachers. Homerooms were
expanded to 30 minute “Family Hours.” This time is devoted to class discussions on careers, health, guidance, and other group activities, often led by outside speakers. Family hour is intended to raise self-esteem and provide the children with positive role models. The positive impact of the innovation is reflected in the names different homerooms chose to represent themselves, including “Brains of Power,” “People of Intelligence” and “The Brainiacs.”

To track academic achievement and formalize an accountability mechanism, school-wide math tests are administered every 6 weeks. The tests are prepared by the CLC math teachers and are given to every student in the school. To monitor progress in English, each student is required to participate in a monthly essay contest, on a topic chosen by the English teachers. Contest winners in each grade are rewarded with movie tickets. In order to reduce absenteeism, homerooms compete for attendance records and the homeroom with the best monthly attendance record is allowed to replace one weekly Power Hour with a recreation hour.

As director, Michael Fisher has maintained his authority to make many decisions and takes it upon himself to resolve all problems that are not explicitly placed under the authority of the SBM/SDM team. His recent decision to institute “captive lunch” periods, where students are required to stay on the school’s premises, was unpopular among the teachers. He noted that some of the school’s teachers believed “… they should be able to get involved in decisions regarding anything from hiring and firing [of other teachers] to toilet paper,” even though those powers were not specifically articulated in the proposal.

It is too early to see substantial changes in academic performance. Director Michael Fisher acknowledges that CLC is rarely a student’s first choice, and the school still frequently receives students that are not wanted by other schools in District 4. Nevertheless, absenteeism has been reduced, and teachers report enthusiasm for the program. Whereas in previous years only 1-2 percent of the school’s students scored at or above grade level in standardized tests of English and math, this year teachers indicate that a third of the students have the potential to pass the tests.

P.S. 192

P.S. 192 is an elementary school located on Harlem’s western edge. Academically, it ranks 509th out of the city’s 619 elementary schools, and roughly 30 percent of its 1325 students read at the national average for their grade. It is located in a neighborhood that is largely Latino and working class or poor.

SBM/SDM was initiated here in September, and decisions are now being made by a 13-member council that includes the principal and assistant principal, a parent, a school aide, a guidance counselor, and seven teachers,
one of whom represents the union. Because of the size and diversity of both the school and the council, radical reforms have been avoided in favor of a focus on the basics. Central to the council’s proposal is a plan for increased teacher training that includes a series of 30 teacher training workshops in reading, bilingual education, the art of storytelling, and other subjects. It also includes some minor changes such as the creation of a kindergarten library. Although the decision-making group meets weekly, meetings have been plagued with miscommunications and have focused mainly on staff issues rather than educational ones. The principal, Lydia Silva, has maintained her authority to hire teachers, plan schedules and make most day-to-day decisions.

Parental involvement in SBM/SDM planning at P.S. 192 is limited to one member. Richard W. Wong, a Cantonese immigrant who never finished high school himself, uses his position as vice president of the parents’ association to represent the views of the mainly Latino population. Although he is enthusiastic about his new role in the school, his participation in the decision-making has been minimal. According to city-wide parent advocates, Mr. Wong’s influence is typical of other parents on SBM/SDM teams, many of whom feel as though they are being treated as token observers. Jan Atwell, president of United Parent Associations, a coalition of 300 parent groups, stated that “It’s hard for parents to be taken seriously and to take this seriously when their role seems at the outset to be diminished.” Linda Friedman, a fifth grade teacher at the school, agrees, and believes professionals are responsible for the distance parents feel.

At P.S. 192, however, parents are taking active steps toward increasing their role. Attendance at parent meetings was up 50 percent over the previous school year to 101 participants in November. Unlike those at most other SBM/SDM schools, the council has organized a series of monthly parent workshops, the first of which was attended by 180 parents. These workshops focus on how parents can incorporate educational concepts in the home, such as teaching about geometric shapes. There is no formal mechanism in place to provide parents training in educational policy and assertiveness. Yet, as pointed out by Vincent Gaglione, the school’s delegate from the U.F.T., parent members of the team have equal say in whether or not a motion passes, and consequently have the potential to play a significant role.

**Summing Up: Looking at the Whole Picture**

The two schools examined briefly above reflect some of the diversity among reforms now being implemented under SBM. In both cases, decisions are made by consensus, but if they had so chosen, they could have used some other decision-making mechanism such as majority rule. Although neither of the school-based management teams transferred the power to hire and
fire teachers from the principal to the SBM/SDM council, they could have included such a transfer in their proposal if they had wished. Some schools have made substantial changes in schedules and curriculum. For example, one school in District 23 decided that grades K-3 would no longer be graded. Other decision-making groups have substantially less authority under their proposals. It is important to note, however, that in most cases the decisions made by the school council rested formerly with the principal.

Reasons and incentives to implement the reform are also diverse. There are several reasons for the school community to support the reform. Some teachers advocate the reform for no reason other than the fact that the U.F.T supports it so strongly. If teachers really believe the reforms will improve student achievement, reduce absenteeism and lead to a better working environment, this garners more support. Whether teachers have this commitment to the idea of SBM/SDM hinges to a great degree upon whether or not the school has a unified focus or vision that unites the community, and whether the school has effective leadership. If teachers do not go into the reform really believing in its potential for improvement, or if they do not perceive substantive results, support will erode, and individual teachers will have no reason to participate or innovate. Additionally, the impending financial constraints in New York City give schools that are at all interested in the reform reason to expedite the implementation to take advantage of current funding guarantees. Once a school has decided to buy into SBM/SDM, additional questions are raised about the incentives for the schools to actually undertake significant changes. This issue will be discussed later.

The support of superintendents can also influence a school’s decision to enter into SBM/SDM. Abby Kessler, SBM/SDM coordinator for District 28, noted that support for the initiative among superintendents is not universal, and that schools in districts who have supportive superintendents tend to have a higher concentration of SBM/SDM schools. To encourage participation, Coleman Genn, former Superintendent of District 28, issued a special guarantee of support to all schools in his district. Partly as a result, 11 of the initial 80 schools in the pilot program were in his district. In contrast, the superintendent for P.S. 192 was less supportive, and recently decided to withdraw the decision-making team’s authority to allocate funds.

As demonstrated in the case studies, the accountability mechanisms built into the SBM/SDM reforms are vague. In applying for the SBM/SDM program, schools were required to present concrete goals in terms of academic achievement, attendance and other areas, and were encouraged to institute additional measures through which to gauge progress, in the manner of P.S. 13. While the Central Board did not impose a formal structure for evaluating SBM/SDM schools, the schools do face the threat of having their SBM status removed if results are not satisfactory. A school
that started school-based management a year ago in District 4 has already been removed from the program by the assistant district superintendent because conflicts between council members made productive decision-making impossible.\(^{40}\)

**SBM/SDM: Projecting the Results**

It is clear to us that SBM/SDM has codified what in fact had been taking place in some schools in New York City prior to Fernandez' arrival. School-based management efforts in place before the arrival of this year's initiative included projects such as School Based Options, which allows school staff to modify contractual work rules or Board regulations when change is approved by 75 percent of the faculty; Project SAIL, which allows school professionals to design experimental ungraded primary units for children in a few schools; Schoolwide Projects, which offers greater flexibility in the use of funds to Chapter One schools; and The Chancellor's Corridor Project, which supports planning for local decision-making in 16 school clusters.\(^{41}\)

School-based management/shared decision-making is consistent with these efforts and provides a mechanism and an incentive for more schools to participate in reform strategies. Because SBM/SDM forces schools to be reflective about their educational strategies with respect to the population of students they serve, SBM/SDM is serving a useful purpose. To our knowledge, this is the first time in recent years that New York City schools are being asked systematically to articulate both their educational objectives and strategies.

The evidence provided in this paper suggests that some schools are indeed experiencing greater flexibility in planning and budget development, in spite of virtually no transference of power among the central and local boards, the chancellor, and the schools. In fact, SBM/SDM has created a great deal of confusion among the superintendents concerning their respective roles under this initiative and the roles of their boards. It would be useful if the confusion concerning role definition under SBM/SDM would encourage the Board of Education to initiate a more constructive restructuring of the current system, but all indicators seem to suggest that this is not forthcoming. Not only is meaningful debate concerning restructuring lacking at the Central Board, but state initiatives such as the Marchi Commission fail to recommend broader transformations of the education bureaucracy. Nevertheless, schools such as P.S. 13 in Harlem are exercising a great deal of autonomy that has manifested itself in changes in the curriculum, organization and accountability mechanisms. As more schools turn to SBM/SDM as an alternative educational strategy, New York City will have access to different perspectives on the goals of education and how best to meet them.
There is also evidence that SBM/SDM has increased opportunities for parent participation. Whereas some would argue that parental involvement in school policy is not necessarily constructive, we are in agreement with educators who believe that parental involvement may contribute positively to student achievement, especially if the school serves a large number of impoverished and disadvantaged students. There is also evidence that SBM/SDM is promoting effective participation of groups that have traditionally been excluded from contributing to decisions regarding their children's education. Parental involvement spurred on by SBM/SDM may improve the organizational culture of some of these schools as students begin to see their parents take an active role in their school experience.

Although SBM/SDM will not necessarily promote improved educational programs—programs that demonstrate a quantifiable improvement in student achievement—one should not dismiss the possibility altogether. The reform effort is, in fact, beginning to offer the New York City public school system an incentive to tailor its programs to the needs of its clients. It is accomplishing this by systematically providing individuals who are in a position to know what works in their schools the authority to reorganize. SBM/SDM in New York City is trying to accomplish its goals primarily by emphasizing the importance of teacher professionalization.

If by “true reform” we mean a radical realignment of power among the institutions that make up the governance structure of the New York City public schools, our research suggests that SBM/SDM does not constitute a “true reform” strategy. It would be a mistake, however, to underestimate its achievements to date and its potential contributions to a better education system in New York City. SBM/SDM codifies a theory that gives schools the incentive to be reflective about the needs of their students and the power to make some changes. Still, it is also clear that no mechanism exists to provide personal incentives for teachers, parents and administrators to improve the quality of education in their respective schools. In other words, the crucial question concerning principal-agent problems is still left unanswered by proponents of the program.

One could argue that SBM/SDM does nothing other than orchestrate a series of incremental changes that do nothing to improve upon or eliminate those institutions that are at the heart of the problem, but it would be premature to say this. Yet, the likelihood of implementation of any alternatives that challenge and undermine the power of the traditional institutions is very low.

One should also keep in mind that both the U.F.T. and the Central Board are banking on this project. The union has an institutional stake in SBM/SDM and is committed to seeing it achieve solid results for reasons that have already been discussed. This paper suggests that we may look towards
SBM/SDM with a certain amount of cautious optimism knowing that, at this time, it is unlikely that more radical reform efforts will be implemented.

**Final Questions: Where do we go from here?**

Beyond the central question that motivated this research on school-based management/shared decision-making in New York City—what can it offer New York City schools?—there are other questions that should be addressed by those individuals concerned with improving the quality of education in general, and for New York City students in particular.

Because implementation of SBM/SDM in New York City is characterized among other things by extraordinary union support, it would be useful to explore the effect that the involvement of the U.F.T. will have on the quality of educational programs at the school level. In other words, is the U.F.T. distorting the potential benefits of a reform strategy such as SBM/SDM through its influence on and connection to the chancellor?

All efforts to reform our education system should be held accountable to standards that will allow interested individuals to judge the merits and shortcomings of the program. SBM/SDM is no exception. Although schools are required to include accountability mechanisms in their SBM/SDM proposals, are they too broad and undefined to ensure that SBM/SDM will be evaluated in a useful and objective manner?

Also, given the likelihood that funding for SBM/SDM will not be sustainable over the coming years, how many schools will be able to maintain the ethos or organizational culture that helps to unify the goals of the school after a concrete, financial incentive is removed?

Finally, incentives will have to be created to encourage the agents to act in a manner that maximizes the quality of the services they provide. Is SBM/SDM able to create a system of personal incentives that motivates individuals to improve upon the quality of education offered and, if so, what may this system look like?

By exploring these questions, we will be in a better position to evaluate the effects that school-based management/shared decision-making will have in New York City schools.

**Notes**


9. *Issues in School-Based Management: Implications for School Governance and Education Reform in New York City*. This material was distributed at a Forum in New York City on May 4, 1990, sponsored by the Community Service Society.


11. Ibid.

12. This point is discussed in detail in John Chubb and Terry Moe’s *Politics, Markets, and America’s Schools*.

13. Interview with Carlos Medina and Seymour Fleigal, Manhattan Institute, November 28, 1990.

14. Ibid.

15. Interview with Michael Fisher, Director of P.S. 13, District IV, Manhattan, January 10, 1991.


25. Ibid.


34. Interview with Herbert Ross, Director of the Office of School Based Management, Central Board, January 10, 1991.

35. Interviews with John Falco, Assistant Superintendent, District 4, and Michael Fisher, Director of P.S. 13, District 4.

36. The reason for the small grant is that under the unique choice plan in District 4, a school building might contain more than one school. For the purposes of the Central Board, however, a building still represents a single school. In order to be accepted into the program, therefore, all three schools in the building had to submit separate proposals, all had to be accepted, and the three had to split the planning grant money.


40. Interview with Abby Kessler, SBM/SDM Coordinator, District 28, December 14, 1990.

41. Interview with John Falco, Assistant Superintendent, District 4, January 10, 1991.


46. The principal-agent problem is one that is common in most bureaucratic systems and concerns the inability of managers to have absolute certainty that their decisions are being executed appropriately by their staff members. It is a problem that suggests the need for internal mechanisms that create staff incentives.