THE POLITICAL ECONOMY OF AUSTRALIA’S TRADE POLICY-MAKING TOWARDS THE UNITED STATES

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ABSTRACT

The purpose of this study is to explain how Australia has bargained for improved outcomes in its trade with the United States over the 1980s and into the early 1990s. This explanation is sought by means of an analysis of the forces which have shaped Australia's trade policy-making towards the U.S. in the five trading sectors of wheat, sugar, beef, steel and international air passenger transport.

The study adopts a theoretical framework which postulates that state actors and institutions are principally responsible for trade policy-making and the concomitant bargaining strategies adopted to improve trade outcomes. However, a state-centred approach needs to be qualified by state actors' accommodation of societal-actor demands for policy action. While exogenous to this domestic bargaining process, influences emanating from the international political economy must also be taken into account. The relationships within and between state and societal actors, influenced as they are by international institutions and ideas, are critical to understanding the bargaining approaches made by one state towards another.

It is argued that sectoral trading outcomes between Australia and the U.S. can be understood by reference to a bilateral bargaining process within each trading sector. Within each such bargaining process, Australia has, within broad bilateral and multilateral approaches, devised strategies by which it could mobilize sectorally-specific resources to seek to exploit opportunities and minimise problems so as to improve its trading outcomes. The nature of these sectoral strategies has been influenced by first, the nature of the U.S. policy and policy-making process; second, the Australian domestic bargaining process between state and societal actors; and third, and to a lesser extent, prevailing ideas and the perceptions of the negotiating parties.

The study has concluded that in Australia's bargaining with the U.S. in each of the five sectors, its sectoral bargaining strategies have generally reflected an accommodation between Australian state and societal actors towards the achievement of coterminous trading objectives. These strategies, involving the mobilization of sectorally-specific resources, aimed to exploit the relatively open nature of the U.S. policy-making process
towards an improvement in outcomes. The strategies also sought to address the influences upon the sectoral bargaining process coming from the international political economy, such as the GATT’s liberalism and the growth of global protectionism. This attention by Australia to sectoral possibilities and problems for improved trading outcomes has represented a more focused approach to bargaining with the U.S. Australia continues to be faced with difficult problems in its trade with the U.S. in each of the sectors studied. While this sectorally-focused approach may be unable to deliver great gains for Australia in any of these sectors, it holds the promise of securing at least marginal improvements, when circumstances permit, to Australia’s sectoral trading outcomes with the U.S.

An important theoretical implication of this study is the importance of the domestic bargaining process between state and societal actors in the development and execution of international bargaining strategies. Another implication of the study is the need to consider the international bargaining process as an independent variable capable of intervening between relative power-capabilities and resultant outcomes to the benefit of a weaker state.
ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

ABARE  Australian Bureau of Agricultural and Resource Economics
ACTN   Advisory Committee for Trade Negotiations
ACTU   Australian Council of Trade Unions
AD     Antidumping
AIIS   American Institute for International Steel
AISI   American Iron and Steel Institute
ANZUS  Australia New Zealand and United States security alliance
AMLC  Australian Meat and Livestock Corporation
APAC   Agricultural Policy Advisory Committee
ASA    Air Service Agreement
ATA    Air Transport Association
AUSMINT  Australia-U.S. Ministerial Meetings
AWB    Australian Wheat Board
BIE    Bureau of Industry Economics
BHP    Broken Hill Proprietary Company Limited
CAB    Civil Aviation Board
CCA    Cattle Council of Australia
CCC    Commodity Credit Corporation
CEA    Council of Economic Advisors
CIE    Centre for International Economics
CRS    Computer Reservation System
CSR    Colonial Sugar Refining Company Limited
CTAG   Commodity Trade Advisory Group
CVD    Countervailing Duty
DFAT   Department of Foreign Affairs and Trade
DITAC  Department of Industry, Technology and Commerce
DOC    Department of Commerce
DOT    Department of Transportation
DOTAC  Department of Transport and Communications
DPIE   Department of Primary Industries and Energy
EC     European Community
EEP    Export Enhancement Program
EPC    Economic Planning Council
ERS    Economic Research Service
FAS    Foreign Agriculture Service
FFP    Frequent Flyer Program
FOR    Farmer-Owned-Reserve
GCA    Grains Council of Australia
GAO    General Accounting Office
GATT   General Agreement on Tariffs and Trade
GNRS   Group Negotiating Services
HFCS   High Fructose Corn Syrup
ICAP   International Civil Aviation Policy
IAC    Industries Assistance Commission
IASC   International Air Services Commission
IC     Industry Commission
ITA    International Trade Agency
ITC    International Trade Commission
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<tr>
<td>MIL</td>
<td>Meat Import Law</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>MSP</td>
<td>Market Stabilization Price</td>
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<td>NAWG</td>
<td>National Association of Wheat Growers</td>
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<td>NCA</td>
<td>National Cattlemen’s Association</td>
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<td>NFF</td>
<td>National Farmers Federation</td>
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<td>OMB</td>
<td>Office of Management and Budget</td>
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<tr>
<td>PAC</td>
<td>Political Action Committee</td>
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<td>PIK</td>
<td>Payment-in-Kind</td>
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<td>QCGC</td>
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<td>SIAC</td>
<td>Steel Industry Advisory Committee</td>
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<td>SIP</td>
<td>Steel Industry Plan</td>
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<tr>
<td>TIFA</td>
<td>Trade and Investment Framework Agreement</td>
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<td>TNG</td>
<td>Trade Negotiating Group</td>
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<tr>
<td>TPM</td>
<td>Trigger Price Mechanism</td>
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<td>TPRG</td>
<td>Trade Policy Review Group</td>
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<tr>
<td>TPSC</td>
<td>Trade Policy Staff Committee</td>
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<tr>
<td>USDA</td>
<td>United States Department of Agriculture</td>
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<td>USTR</td>
<td>United States Trade Representative</td>
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<td>Voluntary Restraint Agreement</td>
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A THEORETICAL FRAMEWORK

Introduction

The 1980s was a period of change and stress for the global trading system. Relatively weak players such as Australia were especially prone to the vicissitudes of this system. Faced with the challenge of change, Australian policy-makers have found their old trade strategies wanting and, either with or without domestic industry support, have sought to adapt the approach taken to both the global trading system and their major trading partners.

Trade relations with the United States constitute Australia’s second most important trading relationship after Japan. The U.S. purchases about 10 percent of Australia’s merchandise exports and supplies almost one quarter of the imports, making it the largest source of imports and the second largest destination, after Japan, for Australian exports.¹ Despite the growing importance of the East Asian region to Australia and developments in the Western Hemisphere (most notably the North American Free Trade Agreement), this relationship will remain of great importance to Australia in the coming years.

While this study of Australia’s trade relations with the United States over the period of the 1980s will not make detailed reference to other economic aspects of their bilateral relations (such as investment²), trade must, of course, be seen as part of the much broader dimension of their economic relations. Apart from studies which referred to earlier trade difficulties and opportunities with the U.S., [see Esthus, 1965; and R. Bell, 1977] analyses of the economic aspect of their bilateral relations are only now beginning to appear after a long period of neglect.[see for example, Higgott 1989b]

The end of the Cold War and the lack of any immediate threat to Australia can be expected, as J.L.Richardson has noted, to place economic concerns higher up on Australia’s external agenda.[Richardson, 1991, 290] The Australian government’s recent prioritisation has placed trade and economic objectives second in importance to geopolitical and strategic concerns.[Department of Foreign Affairs and Trade, 1993a;
Evans and Grant, 1992; Evans, 1989b] However, this has had less to do with the diminution of the military threat to Australia’s security than with the fact that the relatively peaceful global and regional environment has encouraged the release of hitherto contained tensions between the major economic powers. These tensions have been largely caused by an increase in protectionism by each of these major powers which has itself produced harmful results for Australia. However, while this shift in official focus has encouraged scholarly attention, Australia’s trading concerns have, as J.D.B. Miller has correctly pointed out, always been a major, if not the only continuing, element in its external dealings. [Miller, 1992, 115]

Trade policy-making, like general economic policy-making, is a political process. Governments may well be the principal players in this process, but resultant policies can often be expected to reveal the involvement of societal actors. In focusing upon Australia’s trading relationship with the United States, one of the purposes of this study is to expose the highly political nature of the Australian trade policy-making process.

While acknowledging the interconnectedness of economic matters in any relationship, this study of Australia’s trade relations with the U.S. will confine itself to five trading sectors covering both goods or services which Australia either exports into the United States or where the two countries compete on the world market. The sectors covered in this study include some of Australia’s most important exports. Each of the sectoral studies will seek to reveal the opportunities and constraints faced by Australia in pursuing improved trade outcomes in its relations with the US. The focus will be upon how Australia makes its trade policy with respect to the US: what policy choices and political strategies have been adopted by policymakers in an attempt to better manage the relationship, if not directly improve sectoral outcomes.

This is a study of a bilateral relationship which examines the relations between a smaller and much larger player in the international trading system. As the sectors illustrate, this relationship cannot be explained by reference simply to any particular bilateral or multilateral agreements but must consider the interaction of a vast array of institutional, ideological and human factors, situated as they are at either the domestic or international
level. Consideration of these factors will provide a breadth of coverage necessary for a proper understanding of this relationship.

Five industry sectors, ranging from agricultural commodities, to manufacturing to aviation services, are considered so as to provide sufficient breadth of coverage as to make their conclusions about Australia's trade outcomes meaningful in terms of the whole bilateral trading relationship. The three agricultural commodities to be studied, wheat, sugar and beef, illustrate similar problems for Australia in seeking to have the United States change its protectionist programs, be they domestic support structures, export subsidies or quantitative restrictions upon imports. Analysis of these three sectors reveals how the Australian policy-makers deal with the nature of the U.S. agricultural policy-making system with its obstacles and opportunities for influence from both within and outside the U.S. national decision-making process. Each sector highlights certain aspects of the domestic process within each country as well as the influences of the international trading system. Policymaking in all three sectors will be considered simultaneously so as to draw out both similarities and differences in the way in which the sectors are dealt with.

Steel is a sector where Australia's access to the U.S. market has been affected by quantitative restrictions. This is the only manufacturing sector considered in the study and while the making of Australian steel policy reveals some similarities with agricultural policy-making, there are differences which relate to both the nature of the product and the forces at play in the domestic policy process. The inclusion of this sector will assist in ascertaining whether Australia approaches its trade relations with the U.S. differently in a manufacturing sector than in one of its traditional export commodity sectors.

The final sector examined is a service sector, international air passenger transport (commonly referred to in this study as "international aviation"). This aspect of aviation services has the potential to be a major export earner. This sector, along with that of steel, adds to the comprehensiveness of the study. In the aviation sector, there are differences to be found in terms of the nature of the societal actors and their interaction with government, both in Australia and the U.S. In this sector, the bilateral bargaining
process in revealing the relative bargaining strength of the two countries would also seem to perform an important, if not decisive, role in explaining sectoral outcomes.

The Argument in Brief

Australia’s trade policy-making towards the United States, as well as more generally, can be best understood by reference to an interactive process between state actors and important societal actors. Australia’s state actors, acting within state structures, direct or guide trade policy-making but do not alone decide policy outcomes. With sectoral variations, important societal actors, such as representative organizations, will be accommodated by state actors in return for their market intelligence and possible electoral support, considered necessary for effective policy-making.

The relationship between state and societal actors is principally responsible for explaining domestic policy outcomes with societal demands being capable of producing adjustments to policy outcomes. This capacity depends, however, upon the nature of the relationship these actors enjoy with the state actors within each sector and at a particular point in time. Resultant policy may also be affected by international influences upon either or both state and societal actors. State actors will, for instance, be influenced by the opportunities and constraints which confront the Australian economy as it engages with the global economy, while societal actors are affected by international influences as they trade in the global marketplace.

In directing the policy-making process, state actors (the central decision-makers, including the bureaucracy) act through state institutions. These state structures, while the creation of past state/societal actor interaction, have a conditioning effect upon both state actors and societal actors as they seek the satisfaction of their demands within the domestic political process.

In terms of their respective power-capabilities, Australia and the U.S. stand in quite different positions within the structure of the global political economy. This asymmetry has helped to shape the trading outcomes between the two states but should not be considered as determining sectoral outcomes. As important as both the international and
domestic influences are in having an effect upon sectoral outcomes in Australia’s trade with the U.S., an intervening bargaining process holds the key to understanding how and what determines trading outcomes in each sector.

Each sectoral Australia-U.S. bargaining process presents both opportunities and problems for Australia as it seeks to improve its trade outcomes. Taking account of both international and domestic influences upon Australian policy-making, these opportunities and constraints are determined within each sector by reference to the nature of the U.S. trade policy and process; the nature of the domestic bargaining process between Australian state and societal actors; and, less directly, by prevailing ideas and the perceptions of the negotiators for each state.

Australia has sought to improve its outcomes within each trading sector by means of either a bilateral and/or a multilateral approach to the U.S. More importantly, within each approach, Australia has developed and applied certain strategies designed to capitalise on the opportunities available and minimise the problems in its trading relations with the U.S. It is to these strategies that one must look in search of an explanation of Australia’s trade policy-making towards the U.S. over the past decade.

The Level of Analysis Problem

The nature of the problem for study relates to the search for an explanation of the policy choices made in an area of policy-making at the point of interconnection between the international and the domestic arenas. This means that in seeking causation for policy behaviour, one is immediately confronted with the problem of arriving at an appropriate level of analysis. Each level may have something to offer theoretical explanation but, as David Singer has pointed out, prior translation from one level to the other must occur before they could be integrated.[Singer 1961: 91] However, they can be integrated so long as the relationship of one level to the other is made explicit in terms of the research study.

This study focuses more upon the domestic level than the international but seeks to take account of the influence of international factors upon the choices made and strategies
adopted by domestically-based actors. While there will be shown to be problems with a purely deductive analysis from the international system to explain the why and how of trade policy-making, neither is a domestically-oriented inductive approach capable of providing, on its own, a suitable framework for analysing the problem at hand. A more useful analytical framework would be one which considers political processes in such a way that the boundaries between the national and the international and the political and economic have been removed. [Almond, 1989, 257]

In order to explain Australian trade policy-making towards the United States, three important approaches are considered. Each approach places varying emphasis on international, state or societal factors in seeking to provide an explanation.

**International System Approach**

In considering an international system approach to understanding Australia’s trade policy, attention will be given to the neorealist perspective. As a contemporary offshoot of political realism, neorealism offers a simple and parsimonious theory which lays emphasis upon the structural characteristics of the international system. Kenneth Waltz, a prominent member of this school, has argued that states are the most important units in the international system and it is their interactions which form the structure of that system. In Waltz’s view, states can only be differentiated by reference to their capabilities and their other attributes have no place in defining the structure of the international system. [Waltz, 1979, 93-97]

While the states, the basic units of analysis, are ascribed a good deal of control over their own behaviour, they are seen as needing to conform (at least to some extent) to the logic of the international system. Patterns of behaviour of states are derived from structural constraints of the system. [Waltz, 1979, 92] The structure of the international system defines the arrangement and ordering of the system and any change in the distribution of capabilities across states must be considered to be a change of the system. In other words, the behaviour of one government towards another will be strongly influenced by how their relationship is organised within the international system.
A key assumption of these neorealist writers is that states behave rationally. This assumption is, however, not without its problems. One such problem is that the assumption of rationality ignores the importance of ideology as a rationale. The pursuit of ideology may serve the interests of the power elite but may, at the same time, lead to the adoption of nonrational policies. The powerful act in terms of what they think is their best interests. [Domhoff, 1990, 113] Another problem is that the assumption, itself, assumes perfect information for the actors. Linked to the rationality assumption is another which postulates that states, the principal actors in the international system, seek power as a means to an end or as an end in itself.[Keohane, 1986, 194] Non-power considerations, be they influenced by belief systems of central decision-makers, perceptions or prevailing ideas are not considered relevant in seeking to understand state behaviour.

An important aspect of the international system approach is its emphasis upon the systemically-determined power inequalities between the states. Waltz refers to differentiating between states by reference to their capabilities [Waltz, 1979, 96]; David Lake categorizes states by reference to their relative size and relative labour productivity [Lake, 1988, 30]; and Robert Gilpin has argued that the distribution of power among states is the principal form of control in the international system [Gilpin, 1981, 29].

In referring to the obvious difference in power capabilities between Australia and the U.S., this study will use the terms ‘weak’ and ‘strong’ as they are more susceptible to calculation than the terms ‘small’ and ‘large’. It is, however, not so much the power capabilities themselves which need to be considered but the position of each state relative to the other within the global economy by virtue of its possession of those capabilities. A state’s relative position will also have an effect upon its behaviour towards other states given the differential opportunities and constraints found within the international system.

The issue of size and economic inequality is a useful one to test the salience of the international system approach. If it can be shown that Australia’s trade outcomes with respect to the U.S. are proportional to its relative economic capability vis-a-vis the much larger power, then it follows that relative size within the international system is a
plausible explanation. In other words, should these outcomes be determined more by Australia's position within the global political economy than by its own actions or strategies, then the international system approach would be validated.

An important contribution of the neorealists is that in emphasising the explanatory value of the international system, they assist in addressing the issue of context for states' actions. As Robert Keohane has argued, this structural approach sees the international system as providing the context for the action of states which would make it easier to understand states' actions.[Keohane, 1986, 193] In other words, all states' action occurs within the international system and the nature of that system will affect the behaviour of states. Together with Robert Axelrod, Keohane has elaborated on this by arguing that unless an issue is either isolated or all-consuming, the context will have a decisive impact on the politics and outcome of this issue.[Axelrod and Keohane, 1986, 227]

The international system is, in the view of the neorealists, an anarchical, self-help one. [Oye, 1986, 1] Thus the context for action provided by the international system is one where in the absence of a common government, cooperation may be sought but is not guaranteed. This environment would seem particularly unhelpful for a small international player such as Australia whose position is further weakened by the volatility of the world markets for those commodities upon which it relies for the great bulk of its export income.

While it is beyond the scope of this study to discuss what has become known as hegemonic stability theory and the issue of whether the United States is a declining hegemonic power, the U.S. does undoubtedly remain a major economic power. This is of significance when comparing the systemic opportunities and constraints it faces with those experienced by Australia.

The international economic order is a hierarchical one and more powerful states such as the U.S. are in a stronger position to structure their relationships with smaller actors on particular issues, if not generally.[Axelrod and Keohane, 1986, 249] Susan Strange has argued that in the global political economy there are four interacting structures (security, production, finance and knowledge) through which power is exercised in
particular relationships. [Strange, 1988] Structural power (being the power to shape or determine the structures of the global political economy) in Strange’s view, is more important than relational (or relative) power (the power of one party to determine the surrounding structure of the relationship) and lies with those in a position to exercise control over any of the four structures. [Strange, 1988, 26]

The U.S., as a major economic force within the global economy, retains structural power within the international economic system. Regardless of the relative power which the U.S. may have over Australia (or, in fact, which Australia may have in a particular bilateral relationship with the U.S.) the U.S.’s structural power places it in such a position as to be able to define the structure within which their bilateral relationships (as conducted within particular issue areas) take place. For example, Australia’s steel exports to the U.S. have been constrained by the application of a restrictive voluntary restraint agreement and then unfair trade suits. In each case, Australia has considered it prudent to meet U.S. demands so as to maintain access to the U.S. market.

A powerful state may exercise power directly over a weaker state through their bargaining relationships or indirectly, possibly through the establishment of an international regime6 which will proscribe certain behaviour. The extent to which the U.S. is able to influence Australia’s trade policy behaviour and affect its trade outcomes may well point to a systemic explanation derived from their relative capabilities. However, even if Australia finds itself achieving suboptimal trade outcomes in its relations with the U.S., causation may yet be found in the interplay of a number of intervening variables, not all of which will be found at the international level. There is, for instance, little evidence to suggest that international regimes in the area of trade, (and the General Agreement on Tariffs and Trade (GATT) is the most prominent), act solely in response to the demands of the major trading states, much less at the behest of any one of these states. In fact, a regime may act to constrain the self-seeking behaviour of a major state and operate as a mechanism for structuring states’ preferences. [Goldstein and Lenway, 1989, 308]

The international system explanation has merit in drawing attention to the importance of the state as actor and the fact that the system, while anarchical, is an organized or
structured one which must affect the behaviour of states in their dealings with others. In providing contextual factors, the value of this approach may well be in how such factors interact with domestic political actors in the making of national policy.

The problem with the international system explanation is that if it is to explain Australia’s trade policy behaviour then it would have to show policy choices in this area being completely constrained by international structures or forces. This approach has the advantage of parsimony but lacks comprehensiveness. A systemic approach could be tested by considering the policy outcomes of a particular state and then examining whether a direct causal relation can be drawn back to that state’s relative position in the international system and the opportunities and constraints it faces resulting from that position. Should that state’s policy outcomes not reflect its position within the international system, then an examination of other explanations, focusing on the state and its domestic society, would be necessary. If policy outcomes were found to vary across issue areas/sectors, then this would constitute another occasion where a systemic explanation would be judged inadequate.

Complex Interdependence and Issue Linkage

Complex interdependence, a development of transnational and economic interdependence analysis, is a system-oriented explanation that requires separate treatment in this analysis. This approach refers to a multitude of transnational interactions, properly understood as systemic processes and seeks to show how the experience of an interactive relationship between states will affect outcomes.

Robert Keohane’s "multiple channels of contact" helps to explain how this approach differs from the neorealist approach. [Keohane, 1986, 197] The amalgam of the multiplicity of avenues of contact between societies (accepting that states are not unitary actors and do not monopolize the contacts) is termed complex interdependence, meaning a situation among a number of countries in which multiple channels of contact connect societies; where there is no hierarchy of issues; and where military force is not used by governments towards one another.[Keohane and Nye, 1977, 24-25] Complex interdependence is a condition of the relations between states rather than an actual policy
of one or more states. Advocates of this approach argue that the development of this condition helps to explain policy outcomes of the affected states. [see for example, Keohane and Nye, 1977] Taking account of the many different arenas or issues in which the states have contact, it is argued that the relative power capabilities of the states as a determinant of outcomes will be affected by the experience of interaction between the states in a condition of interdependence.

To consider whether Australia’s trade relations with the U.S. are conditioned by the complex interdependence of their political and economic relations, the definitions and classifications of Robert Keohane and Joseph Nye provide useful starting points. Dependence is defined by them to mean a state of being determined or significantly affected by external forces. For them interdependence means mutual dependence. However, this does not mean that each will gain equally from the relationship and, as Keohane and Nye have argued, it is asymmetries in interdependence that provide sources of influence for actors (states) in their dealings with one another.[Keohane and Nye, 1977, 10-11]

Relations between two states may be characterised by neither pure symmetry nor pure dependence of one on the other. Taking this into account, two further distinctions are useful for this study. They are vulnerability and sensitivity.7 Sensitivity involves degrees of responsiveness within a certain policy framework while vulnerability refers to the relative availability and costliness of the alternatives that each actor faces. [Keohane and Nye, 1977, 12-13]

A distinction between these two levels or degrees of dependence would seem to be best understood by referring to vulnerability as the capacity of the state affected to be able to change its situation to avoid externally-imposed costs. Sensitivity as a lesser degree of dependence would mean a state may still have the capacity to improve its situation and avoid being liable to these costs. A state’s sensitivity may well mean nothing more than that it simply needs to be aware of the position of the other state on a particular issue. In Australia’s trade relations with the U.S., Australia’s vulnerability can be understood by reference to U.S. structural power in each trading sector; the fact that Australia needs its share of the U.S. import market more than the U.S. needs Australian
exports and; and Australia’s weaker position in those global export markets where it competes with the U.S. The particular problems faced by Australia in maintaining levels of access in each of the beef, sugar and steel sectors and in seeking alternative markets to the U.S. reveals a level of vulnerability to the impact of U.S. trade policies.

The disproportionate power capabilities of Australia and the U.S. lead, at first sight, to the conclusion that a condition of asymmetrical interdependence correctly describes their relations. Asymmetrical interdependence is a source of power in bilateral relations and establishes the power balance from which the two states (with their differential power capable resources) would begin to bargain. However, these statements only state the obvious: that the U.S. is a much stronger power than Australia and is the less dependent state in the relationship.

Asymmetrical interdependence will assist in explaining outcomes from Australia’s trade relations with the U.S., (presumably through the U.S. using its market strength to gain political concessions) if it can be shown that trading outcomes will tend to favour the U.S.

However, what needs to be considered is not so much power as control over resources (which, as noted by Keohane and Nye, is the power the stronger state derives from asymmetrical interdependence), but rather whether this can be translated into control over outcomes. As Keohane and Nye argue in their study, there is no guarantee the advantage enjoyed by the stronger state will be translated into similar patterns of control over outcomes. [Keohane & Nye, 1977, 11]

How well a more powerful state is able to translate its superior capabilities into more favourable outcomes may vary from issue to issue. This will largely depend upon how it and a weaker state are able to apply their resources in their particular bargaining relationships. Bargaining will take place when a stalemate occurs (or when a decision is impossible by other means) and constitutes a joint decision-making process in which both parties are necessary to the decision or in which each party has veto power. [Zartman, 1978, 71] While there remains a general appreciation of the relative power
capable resources of the two states, the negotiation process may act to reduce the importance of the asymmetry of their interdependent relationship.

The bargaining process, itself, while influenced by both contextual (or systemic factors) and issue specific capabilities (as determined within the domestic political process of each state), has the potential not only to transmit but also translate power-capable resources towards certain specific outcomes. Each state brings issue or sectorally-specific resources to the negotiations and through the negotiation process seeks to apply these to improve its outcomes. William Habeeb has argued that in the course of bargaining, a weaker state may be able to gain as against a stronger state through the application of these issue-specific resources. [Habeeb, 1988, 130-131] These issue-specific resources are derived from domestically-based factors in each of the states. In this sense, the bargaining process facilitates examination of the impact of domestically-based factors upon the relationship between the states within particular issue areas and in so doing, influences sectoral outcomes.

In the area of trade, one state’s greater market power does not translate across into political influence over the weaker, more dependent, state unless there are what Harrison Wagner refers to as unexploited opportunities to exchange economic resources for political concessions. [Wagner, 1988, 474] In other words, the condition of asymmetrical economic interdependence between two states (with one state using its greater market power as unexploited bargaining power) means that the less dependent state will not be able to exercise political influence unless both parties can gain from the exchange of economic benefits for political concessions. [Wagner, 1988, 481] This means that the political benefits to the less dependent party from the exchange will only be acquired if the more dependent party is able to gain benefits, political or economic, from the bargain. In so using its market power to gain political concessions from the weaker power, the stronger power would effectively have to surrender some of its relative market power.

A weaker, more dependent, state may not be prepared to allow the stronger, less dependent, state to exchange economic resources for political concessions. For example, on a particular issue, the weaker state with a high level of commitment (or intense
preferences) may be prepared to make great concessions on other issues to attain its objectives or; in another scenario, may refuse to comply with the demands because of the greater cost involved as compared to the alternative.[Keohane and Nye, 1987, 734; Wagner, 1988, 476-7]

The negotiation process can also provide other opportunities for weaker states in their bargaining with stronger ones. For example, weaker states may have what has been described as procedural power in the negotiation process. [Zartman, 1971, 227] In particular, weaker states can provoke an encounter with a stronger state, thereby choosing the terrain of the negotiations, influence the agendas of negotiations (especially in multilateral fora and organizations), put forward their needs and use this as a moral challenge to the stronger power/s. An example in this study was Australia's 1987 termination of its Air Service Agreement with the U.S. and its determination to have a capacity clause in the new Agreement. Importantly, weaker powers also have the power to agree which gives them a powerful role in satisfying the stronger power/s and in bringing about a resolution of a dispute. [Zartman, 1971, 227-8]

The role performed by negotiations in directing the states' attention to specific issue areas and in mobilizing their sectorally-specific resources, is explained by reference to the fact that these international negotiations involve, simultaneously, a domestic bargaining process within each state. With the state at the intersection of the international and domestic policy domains, the central decision-makers find themselves, to use Robert Putnam's conceptual description, involved in a two-level game. In his view, central decision-makers must bargain at both the international and domestic levels as they seek to reconcile international and domestic imperatives simultaneously.[Putnam, 1988, 460]

At the domestic level, central decision-makers need to take account of state and societal demands. These decision-makers must both "mobilize societal groups with complementary interests into the policy-making process" as well as "redefine issues and bind the government through international agreements".12[Lake, 1988, 221] Policy outcomes from this domestic bargaining process may act to either enhance or diminish the effectiveness of the negotiators as they conduct the international negotiations.14 It
should be noted that the domestic bargaining process in an adversary state may also serve to enhance the position of the weaker state's negotiators by providing opportunities for them to affect bilateral outcomes. For example, the presence of powerful U.S. state and societal actors opposed to the U.S. steel VRA program was instrumental in having it removed, something for which Australia had lobbied.

The bargaining process between Australia and the U.S. will be shown to have explanatory value if, in showing how a relationship of asymmetrical interdependence can be modified within specific issue areas, it acts as an intervening variable to vary Australia's trade policy outcomes from what would be expected from the application of its relative power capabilities.

Asymmetrical interdependence will only have explanatory value across issue areas if we look beyond issue-specific outcomes and reference across a range of issue-areas to explain the nature of a bilateral relationship. This can only be achieved if linkage across the issue areas can be proved and this will only occur if a state has power resources, unused in one issue area, which can be applied in another issue area.

Questions of linkage must be addressed in assessing whether the stronger state can exercise influence over the weaker state in one issue area without making concessions in another. To do so, the strong state must have unexploited bargaining power in that issue area. [Keohane and Nye, 1987, 735] The pursuit of linkage across issue areas may present more problems than opportunities. Such linkage may, for instance, expose a lack of alternatives by the party seeking to link issues and the costs of such exposure may indeed be greater for the weaker state. [Axelrod and Keohane, 1986, 240] Australia, as the weaker state, must be careful in seeking to use a linkage strategy for the U.S. as the stronger state may have greater power-capable resources which it can translate across into other issue areas. An awareness of this problem may well have been part of the reason for its reluctance to make linkage between Australian agricultural trade problems with the U.S. and the defence relationship.

The extent of issue linkage in the relations between Australia and the U.S. and its capacity to assist in explaining the nature of their relations may also be dependent upon
non-power factors such as the perceptions of the actors. How each state looks upon these relations and its preparedness to make linkages may be more important than the power-capable resources it believes it can apply from one issue area to the other. For the purposes of this study, a mere awareness that situations may arise where one or both states believe that outcomes can be improved through issue-linkage would seem to be sufficient for such linkage to be considered a possible means by which an asymmetrical relationship may be either endorsed or undermined.

A related problem is the assumption of power fungibility across issue areas. For two states in a supposed relationship of asymmetrical interdependence, the ability of the strong to influence the behaviour of the weak and thus affect outcomes is predicated on the stronger state being able to apply its greater capabilities across a number of issue areas. The application of a superior power capability may not be as simple a matter as would appear at first sight. The disaggregation of the stronger state may reveal domestic constraints upon the stronger state’s foreign policy executive’s ability to execute its desired policy. As John Zysman has argued, to speak of the general capabilities of states, does not address the matter of the specific abilities that are required by the state to carry out the particular policy tasks in each sector. [Zysman, 1983, 297] For any state, it is likely to be easier to apply power-capable resources in some sectors than others.

Issue linkage and power fungibility both present problems and are of only limited use in altering an outcome that would be expected in an asymmetrical relationship. There is evidence to suggest that Australian attempts to link trade and defence issues have been effectively undermined by the U.S. As to the question of power fungibility, the U.S. finds it more difficult to exercise the same relative power in, for example, air negotiations than in negotiations over Australia’s share of U.S. steel imports.

The temptation to move from an analysis of the problems of issue linkage and power fungibility to argue that an issue area approach would be a useful explanatory framework, needs to be addressed. This approach asserts that the nature of the issue or policy area is important in determining how politics is organized and the nature of the interaction between state institutions and societal actors. While there may be particular issue area characteristics which can help determine the relative influence of state and
societal factors in explaining outcomes, this does not mean that issue area analysis provides the organizing framework to understand policy-making. John Ikenberry has argued that while the nature of a policy area may affect the policy process in a number of ways, it is important to note that the way that policy is defined may vary widely.[Ikenberry, 1988, 238] In other words, how a policy is represented and described can have implications for the relationships within and between state and societal actors. The recognition of an issue area by state actors can, itself, be a matter of contention and may result from the exercise of a broad discretion. As Keohane and Nye have pointed out, "issues are problems about which policymakers are concerned and which they believe are relevant to public policy". [Keohane and Nye, 1977, 64-65] How an issue area is defined is important and may be helpful in ascertaining whether this analytical device has value in explaining outcomes.

A condition of asymmetrical interdependence does arguably exist between Australia and the U.S. While it provides a prima facie description of the power balance between the two states, there are difficulties in using asymmetrical interdependence to predict sectoral outcomes from that relationship. Asymmetrical interdependence is modified by the individual bargaining relationships of Australia and the U.S. found within specific sectors. It is within each of these sectors that one should look to discover the capacities of the states to mobilize and apply power-capable and other resources to secure favourable outcomes.

**State-Centred Explanations**

State-centred approaches have argued that the state does not simply respond to societal demands and should not be considered merely an arena for the political struggles of societal actors. The capacity of the state to act autonomously and produce policies different from those demanded by societal actors must be seen as varying from sector to sector and over time. Attributing a degree of autonomy does not mean, however, that such state action will be disinterested in the sense of not favouring certain societal actors and disadvantaging others. The recent attention to inbound tourism interests by the Australian government in the making of international aviation policy is an important example of such state action within this study. More importantly, as advocates of this
approach have argued, state actions can be expected to act to reinforce the authority, capacity and position of control of state actors. [see for example, Skocpol, 1985, 15]

Non-state actors must be understood as acting within the context of a broader structure that ultimately rests upon the power and interests of states affected as they may be by the societal consequences of their own past decisions. [Krasner, 1976, 343] These past decisions will have determined, for example, the degree of centralisation and concentration of authority or the characteristics of its bureaucracy which will in turn influence the state’s policy outcomes.

A state-centred explanation would be of value in understanding Australia’s trade policy outcomes if it can be shown that Australian state actors acting through state institutions perform a significant role in determining Australia’s trade strategies. This will depend upon whether and to what extent these state actors, acting through national institutions, are able to both fashion the demands that societal actors make upon the state (if not to actually structure societal-actor preferences) as well as acting to check international influences upon state policy-making.

The institutional argument is another state-centred approach and provides further insights into the respective roles of state and societal actors (the state/society debate) in the determination of domestic policy outcomes. This argument ascribes importance to how institutions structure the way individuals interact within a state and thus affects how much power any one set of actors has over policy outcomes. [Hall, 1986, 19]

Institutions are seen as being capable of taking on a character of their own independent of the powerful interests which created them and thereby producing something of a time lag between the demands of societal actors and the making of responsive policy. [Goldstein, 1986, 164]

Advocates of this approach see the nature of these institutions being able to determine whether a policy outcome will favour certain interests to the exclusion of other competing interests and this can vary both within and across particular issue areas. [Goldstein, 1986, 164]

For example, the Australian Steel Industry Authority (SIA), established in 1983 to
oversee the implementation of the Steel Plan, included representatives of the steel industry, the steel unions and the Australian government. However, the SIA did not include representatives of the steel-using industries. The role of the Industry Commission in arguing against what was considered a protected position for Qantas Airways undoubtedly had an effect upon the Australian government in encouraging it to take other economic interests into account in formulating international aviation policy.

The effectiveness of domestic political institutions will depend upon how well they condition the behaviour of both state and societal actors as these actors seek to influence the policy-making process. As an important component in determining state structure, domestic political institutions can be influential in allocating both authority to certain elements of the state and legitimacy to certain societal actors in the making of policy on any particular issue. [Lake, 1988b, 38] In Australian agricultural trade policy-making, for example, producer groups are given preferential access to the policy-making process through their membership of a number of agricultural policy advisory bodies, the most important of which is the Rural and Allied Industries Council, a body chaired by the relevant Minister.

The consultative arrangements which have developed between government (principally the bureaucracy) and certain important societal actors (usually industry groups) have institutionally provided these groups with a level of access to policymakers not enjoyed by other societal actors interested or involved in trade policy matters. The domination of the legislature by the executive and the latter's control over the bureaucracy enhances the importance of these arrangements.

As Theda Skocpol has noted, the structure and activities of the state may unintentionally influence the formation of groups and the political capacities, ideas and demands of various sectors within the society. [Skocpol, 1985, 21] Institutions and institutional arrangements (the structures, norms, and rules which characterize the relationship between institutions) may, themselves, be important in influencing the extent to which certain ideas and interests will contribute to the determination of policy. The 1930s change in the United States’ tariff-setting institutions, for example, has been argued as
being significant for the subsequent development of a U.S. postwar liberalizing policy towards trade. [Goldstein and Lenway, 1989, 325; Destler, 1992]

Institutions within the state policy-making process are also seen as being able to act in more than an intermediary role between both competing interests and competing ideas. In so doing these institutions are capable of producing outcomes quite at variance from anything demanded from prevailing ideas or interest groups. [Gowa, 1988, 28] In other words, the state does not simply respond to external stimuli (such as societal-actor demands or ideas) but possesses interests of its own and makes choices.

The structure of the state has a conditioning effect upon the policy-making process and can thereby affect the extent to which societal actors will find the state responsive to their demands. [see for example, Lake, 1988, 225] State institutions are also capable of influencing the self-selection process undertaken by societal actors in deciding whether to seek assistance from these state institutions.22 [Hansen, 1990, 38-39] The Hawke Government’s policy of lowering levels of protection for industry over the 1980s would have affected industry’s attitude as to whether to seek government assistance. In a direct way, the giving of references to the Industry Commission (IC) (previously the Industries Assistance Commission) by the government and the government’s receptivity to that body’s recommendations were, and remain, good indicators of whether state assistance to industry was likely to be forthcoming.

The state is at the intersection of the domestic and international political economies and linked into what Skocpol has identified as transnational structures and international flows of communication. This positioning has encouraged state actors to pursue what are referred to as ‘transformative strategies’, even if faced with societal-actor indifference or resistance.[Skocpol, 1985, 9] Facing distortions in the trade practices of major states and the continuing threat of further marginalisation in the global economy, the Australian state has responded positively to the ideas of economic rationalism and sought to adopt the kind of strategies to which Skocpol has referred. The state in Australia, as elsewhere, is uniquely positioned for its actors and institutions to perform a vital role in the formulation of strategies to cope with problems of adjustment.23 This
role of state and institutions may be directed either outwardly at international regimes and/or other states or inwardly at transforming domestic structures.\textsuperscript{24}

In addressing both the external trading problems as well as the need to adjust the domestic economy to make it compatible with the global economy, the Australian state has taken the lead and, as advocates of state-centred approaches would argue, strengthened the role of state actors and institutions vis-a-vis non-state actors. The action of the Australian state in pursuing market reforms, in many instances the result of Industry Commission recommendations, has often been decisive. Conversely, state institutions may provide structural constraints upon state action and thus may present "road blocks" to successful adjustment by certain states. For example, the Australian government departments of Industry, Technology and Commerce and of Primary Industries and Energy have, on occasion, been accused by industry and business leaders of "dragging the chain" on the reform of certain industries over which they have had policy responsibility. The establishment of the Steel Plan by the Hawke Government has been interpreted by many as an example of political resistance to industry reform. As John Ikenberry has noted, such structural constraints, while revealing difficulties in implementing reform measures, may give little guide to a state as to what may be possible in terms of a successful adjustment strategy.[Ikenberry, 1988, 242]

A state-centred argument makes a valuable contribution to explaining trading outcomes through the attention it gives to the role of state actors and institutions in both the domestic policy process and in bargaining between states. However, the approach only provides a partial explanation in that it gives insufficient attention to how the state actors and institutions, in responding to international influences and the demands of domestic societal actors can, itself, be affected. One example can be seen in the need for the state to respond to changes in the international economic environment by making adjustments to its domestic economy. State institutions may also become aligned with certain important societal actors which can act to limit policy alternatives. In the 1980s, for example, the Hawke Labor Government sought to reform the steel industry without harming the interests of either the major producers or the major industry unions.
A state-centred approach could only claim to be comprehensive if state actors and institutions performed the same role across all sectors. However, as this study will show, there have been important differences in the role of these actors and institutions across the sectors. In the case of international aviation rights negotiations, for example, the state acted at ‘arm’s length’ from the national carrier, Qantas, and did not identify the government’s role as being to necessarily or exclusively promote the aviation industry’s interests. On the other hand, in the case of the agricultural commodities, the government had been more likely to see the trade interests of the producers as being identical with its own and to act accordingly.25

Society-Centred Explanations

Societal actors cannot be dismissed as sub-systemic factors of value in explaining policy outcomes. They are not, however, autonomous agents capable of exerting the kind of influence which alone can determine policy and important though societal actors may be within the policy process of particular sectors, they must be assessed within the structure of state policy-making.26

The general influence of societal actors in state policy-making has been considered by a number of writers. Robert Gilpin, while advocating a structural approach, has argued that the state should be viewed as a ‘coalition of coalitions’ which may have “interests (which) result from the powers and bargaining among several coalitions composing the larger society and political elite.”[Gilpin, 1981, 18-19] In a later work, Gilpin again disaggregated the state to refer to the political struggle among groups and nations as providing the context for the operation of economic forces in the international economy. [Gilpin, 1986, 310] The nature of the political interaction between groups (constituting important societal actors) and states is thus seen as being fundamental to understanding the operation of the international economy.

Peter Gourevitch has argued for an important determining role for societal actors in any explanation of policy choices.[Gourevitch, 1986] While arguing that the particular structure of a national economy in relation to the international economy explains policy
outcomes, for Gourevitch it is a matter of referring to how developments in the international economy affect individual sectors and groupings. These groupings form coalitions and interact with political parties and thereby influence the choices that are ultimately made by policy-makers.

Should important societal actors gain a dominant position as a result of a struggle with the state, then a change in the distribution of power would result in favour of those societal actors at the expense of state interests and/or other less successful societal actors.27 Over a long period of time, these successful societal actors may even be able to change the character of the state institutions with which they must deal.[Goldstein, 1988, 186]

This argument is extended by Gourevitch who refers to the need for the state to retain the support of important social groupings. In this argument, the state structure formed by the "institutions reward or punish specific groups, interests..." and its impact is found in how, at any particular time or period, it "helps one set of opinions prevail over another."[Gourevitch, 1978, 904] In referring to what he terms "coalitional analysis", Gourevitch has argued that the process (including gaining the support of important societal actors) which the state must undertake in order to get a policy adopted will affect the content of the policy. [Gourevitch, 1978, 905] This is not an argument to the effect that state policy is determined, albeit indirectly, by societal actors, but rather one which questions whether the state can operate separate and apart from the societal actors within its domain. As Gourevitch asserts, "for state autonomy to exist for specific purposes, the state must be able to obtain support, of differing kinds, from societal actors."[Gourevitch, 1986, 238]

John Gerard Ruggie has referred to processes (such as policy processes) as the patterned relations that go on between units within any system.[Ruggie, 1986, 134] Societal actors would constitute some of the units which interact within the state just as states do within the international system. At the domestic or state level, the structure of private property rights (which Ruggie refers to as being analogous to sovereignty at the international level) plays a role, along with the 'institutional framework of sovereignty', in conditioning social behaviour.[Ruggie, 1986, 147] This argument that the structure of
private property rights will determine when and how the state intervenes in domestic economic and social affairs assists in understanding the nature of state/society relations within a capitalist political economy. Thus, the nature of the structure of the economic interests of societal actors is capable of affecting national policy outcomes.[Ruggie, 1983, 23; 1986, 147]

Katzenstein has argued that societal actors are more likely to influence policy-making when they join with other important societal actors to form what he refers to as 'governing coalitions'. These coalitions then link up with relevant public actors and seek expression in policy making and implementation through 'policy networks'. [Katzenstein, 1978, 19] This argument places these societal actors at the centre of policy-making (in both its formulation and implementation stages). These 'policy networks' of state and societal actors are, however, considered subject to the constraints of the state's institutional structure. It should be noted that these combinations may constitute, to use Katzenstein's term, 'loose coalitions of convenience' which are only temporary and relate to particular sectors where certain state and societal actors are seeking to have their policy preferences adopted. The 1983 Australian Steel Industry Authority which brought together the Australian Government, the Australian steel industry and the steel industry unions into one body to reform the Australian steel industry, constituted such a loose coalition.

Understanding the role of representative groups can also assist in explaining the role of societal actors in policy-making. Representative groups are important for what they tell us about the organization of societal actors within a political economy. Gourevitch has considered their role by referring to the characteristics of associational groups: for example their size, organizational features and relationships to political parties. These representative associations help to explain outcomes by virtue of their position mediating between societal actors and the state.[Gourevitch, 1986, 60-61] However, the utility of these representative associations in explaining the interaction between societal actors and the state is considered by Gourevitch to be marginal.29 While representative associations can perform an important role in mediating between state and societal actors in some sectors, such as the agricultural sectors of this study, this has not occurred in other sectors. More importantly, this mediation role has not provided the kind of linkage
function between state and societal actors across the sectors which would give these representative associations the capacity to explain state/society interaction in policy formation.

All societal actors (including transnational actors) have effective domicile within a particular nation-state. This fact of residence and the nature of the particular historically-shaped domestic structures [to use Katzenstein’s expression: 1985, 207] in which they must operate will inevitably have some effect upon how these societal actors behave in relation to their state, and indirectly, in relation to the global economy.30 In particular, the effectiveness of such actors in the policy-making process will depend upon how well they are able to articulate their demands within the political institutions of their own state structure.

Joanne Gowa argues that how effective groups (presumably all societal actors) are in having their demands met will depend upon the potential that each political ‘good’ (for example, trade policy) has for collective action.31 This potential is determined not only by the nature of the political ‘good’, but importantly, also by the state institutions in which the good is situated.[Gowa, 1988, 28] Even if societal-actor influence over policy-making can be shown, it is unlikely to be uniformly effective across sectors or issues within the domestic political economy. In the sectoral studies concerned with improving Australia’s share of the U.S. market, societal actors in the steel and sugar sectors (principally the producers) have been more effective in influencing Australian trade policy-making towards the U.S. than has been the case in the beef and aviation sectors.

Societal actors perform the important functions of articulating opinion and disseminating information within liberal democracies. Their role within policy-making can only be properly understood in terms of how both state actors and institutions and societal actors impact upon each other. Judith Goldstein, has recently argued that state institutions "establish, maintain, and monitor the rules under which social actors seek protection" and that along with the demands of societal actors, government preferences affect outcomes. [Goldstein, 1988, 186]
Societal actors must be cognizant of the nature of the state institutions (and the differential constraints they impose) and be able to develop strategies by which they can secure adoption of their preferences when state actors are making policy. The threat of potential electoral damage by the steel producers (principally Broken Hill Proprietary (BHP)) in 1983 and by the sugar producers in 1993 were both instrumental in adjusting the plans of Australian state actors for reform of these sectors. In the wheat and beef sectors, societal actors have been cognizant of state-actor preferences for a reduction in levels of industry protection. Having tailored their demands so as to be compatible with these state-actor preferences, societal actors have bargained such compatibility for increased attention by the state actors to, inter alia, the removal of U.S. barriers to the improvement of their sectoral outcomes.

Australian societal actors involved in trade sectors will be directly affected by developments in both the U.S. and global political economies. To ameliorate the effects of these developments upon their economic interests, Australian societal actors will be anxious to ensure that national trade policy strategies accord with their best interests. BHP has worked closely with Australian state actors in lobbying both for some preferential treatment in terms of the U.S. steel voluntary restraint agreement (VRA) program and then subsequently for the withdrawal of the unfair trade suits. Likewise, the Australian National Farmers Federation (NFF) has made determined efforts to ensure that the removal of the U.S.'s Export Enhancement Program (EEP), which harms Australia's wheat exports, has a high priority in Australia's trade policy approaches towards the U.S.

Given that Australian trade policy-making is a state-led activity, these societal actors will need to barter their resources (such as their influence over the rural or industry vote and the possession of or access to commercial intelligence) for influence with the state actors actually making trade policy. In this study, societal actors in each of the sectors have developed both formal and informal channels through which they have sought to influence Australian trade policy-making towards the U.S. Particular societal actors, be they private companies (such as BHP and CSR in the steel and sugar sectors) or statutory marketing authorities (such as the Australian Wheat Board (AWB) or the Australian Meat and Livestock Corporation (AML)) have been successful, with some
variation, in bargaining commercial information and advice for influence in the formation of bargaining strategies adopted by Australia towards the U.S.\textsuperscript{33}

If it can be shown that the mutual state/societal-actor interest in improved Australian trade policy outcomes will produce coalitions of state and societal actors for the execution and implementation of certain policies, then it could be argued that societal actors have an immediate and influential role to play in explaining Australian policy outcomes. How influential societal actors will be in determining policy outcomes depends on the nature of the policy sector as well as the extent to which state actors, acting within state institutions, need to accommodate the demands of these societal actors. Societal-actor explanations, while useful in revealing the extent to which Australian state actors are not autonomous in making trade policy and bargaining with the U.S., can themselves only serve as a contribution to a complete explanation of the approaches Australia has taken towards the U.S.

In testing for a role for societal actors in explaining outcomes, it is apparent that their influence is not uniformly effective across sectors. Some groups will undoubtedly be able to organize and articulate their interests much better than others within the policy-making process or be able to take advantage of favourable political or economic circumstances. Thus, the demands of some societal actors have resulted in more favourable results than has been the experience of other societal actors.

Societal actors in the sugar and steel sectors have, for example, been able to successfully influence state-actor decisions about domestic industry reform which has affected both Australia's multilateral and bilateral approaches for the reform or removal of U.S. protectionist policies. In developing bargaining approaches to the U.S., Australian state-actors have been more responsive to the demands of societal actors in the wheat and steel sectors than to those in the other sectors of this study.

Societal actors have undoubtedly performed an influential role in the making of Australia's trade policy towards the U.S. and in the development of bargaining strategies to seek an improvement in trading outcomes. The importance of this role has, however, varied across sectors and over time, thus precluding an argument that societal-actor
demands have had a determining role in those policy approaches and strategies adopted by Australia towards the U.S. As important as the contribution of societal actors may have been within the policy process of particular sectors, it must always be considered within the structure of state policy-making.

Cognitive (Non-Power) Factors

Cognitive factors constitute another dimension which needs to be considered in assessing various explanations for Australia’s trade policy-making towards the U.S. Attention to these factors, including ideas and the beliefs and perceptions of state and societal actors, within the analysis assists in understanding the role of the individual policy-maker.

Prevailing ideas as well as the perceptions of both central decision-makers and societal actors will affect the goals and objectives of these actors which in turn can influence bargaining outcomes. Adherents of state or society-oriented explanations are more likely to take this dimension into account while advocates of systemic approaches would be inclined to dismiss such factors as affecting unit-level processes which have no value in explaining outcomes.

Role of Ideas

In the postwar period, the U.S. and to a lesser extent Australia, have displayed a pro-trade bias and have favoured the expansion of the liberal trading system. Influenced by the Great Depression of the 1930s and the interwar experience of competitive and retaliatory tariff-making, the U.S. as the strongest postwar economy, was keen to promote liberalism as the dominant ideology in national trade policy-making. While drawing on the intellectual tradition of free trade,24 the US, in particular, established a liberal international trade regime.

This international regime can operate as a systemic influence to change the ideas and beliefs (and possibly even the perceptions) of policy-makers and domestic groups,25 either generally or with respect to certain issues. A regime, itself the product of the dominant beliefs and ideas of the policymakers of important states, either of the present
or the recent past, may continue to have some influence over policy-making long after its ideas have ceased to be popularly held. However, the effect of any regime's principles or norms upon the policy choices of individual state policy-makers will always be indirect, at best, and difficult to prove.

The regime of the General Agreement on Tariffs and Trade (GATT) has promoted the liberalisation of trade over the postwar period. GATT's ideas have often been compromised in practice and, within individual states, they have had to coexist with more mercantilist ideas. U.S. trade policy (and that of most other major states in the global trading system) accepted liberalism on the understanding that there would be safeguards which could be used to defuse particular industry demands for protection.36

Despite these policy departures, the regime has still served as a focal point for the advancement of trade liberalisation and as an avenue through which states could seek redress against blatant departures from implementation of the regime. While established by the strong, such a regime will often serve to assist the weaker states, in both direct and indirect ways. For example, as Conybeare notes, the generalized norms of equality of the GATT and its promotion of 'free trade' may serve to ameliorate the size asymmetry problem between states.[Conybeare, 1987, 279] The GATT's processes may also provide opportunities for weaker states to embarrass stronger states by exposing departures from the dominant ideas of liberalisation.37 A satisfactory conclusion to the GATT's Uruguay Round would, for instance, benefit relatively small agricultural traders such as Australia by a proportion far greater than would be expected from the exercise of their power capable resources.

Ideas of liberalism, which formed the intellectual basis for the global trading system in the immediate postwar period, despite dilution in both rhetoric and application,38 retain some relevance for policy-makers in both Australia and the U.S. Ideas of "free trade" rather than mercantilist reciprocity set the standard by which trade policy behaviour by states over the past forty or so years was judged.

The dominance of the liberal idea in global trade, promoted by the GATT regime, has been seen as serving Australia's trade interests both in terms of its relations with the
U.S. and more generally. Australia may be able to take advantage of the U.S. administration’s adherence to this ideology and promote it to secure improved trade outcomes. This will depend, however, upon whether Australia’s informing strategy (informing the U.S. and its principal trading partners of the economic benefits of free trade)\textsuperscript{39} and concomitant high level of commitment to multilateral reform can be translated across into U.S. policy choices which will benefit Australia, either directly or indirectly. Some trading sectors were more susceptible to such translation than others with the U.S. administration being more inclined to promote reform in, for example, the sugar and steel sectors than in the wheat and beef sectors. This has been due largely to the relative power of the domestic constituencies within each sector as well as the nature of the U.S. sectoral programs.\textsuperscript{40}

The institutionalisation of the liberal idea in both national laws and bureaucracies over the postwar period\textsuperscript{41} helps to explain why certain statutes were enacted over this period.\textsuperscript{[Goldstein, 1988]} However, there has been a revival of pre-liberal ideas, albeit in a neo-mercantilist form, and these ideas not only continue to hold some appeal within certain sectors of U.S. government and industry but are reflected in legislation (pre-dating the liberal era) that remains on the statute books. In other countries, including arguably Australia, there has been a revival of ideas whose genesis goes back to the laissez faire liberalism of the last century.

Apart from the institutionalisation in national laws and the bureaucracy, ideas can impact upon the policy-making through their adoption by those who administer the laws.\textsuperscript{[Goldstein, 1988, 183]} Certain ideas may be important not only for the influence they have over state actors but also for that which they have over societal actors who are, in turn, able to influence the policy choices made by state actors. As Gourevitch has argued, ideas may assist in forming and integrating those social coalitions which can be influential in the policy-making process. \textsuperscript{[Gourevitch, 1986, 234]}

Australian state actors have, over the period of the 1980s, increasingly accepted the need for the application of economic rationalist ideas when considering public policy problems. The application of these ideas, including industry restructuring and the removal or lowering of levels of industry protection, has had implications for the

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approach taken by Australia in bargaining with the U.S. (as with others) for an improvement in trading outcomes. Societal actors have generally accepted the need to lower both domestic barriers to trade and income supports for industry efficiency and the promotion of international liberalisation. Important exceptions have, however, been the sugar canegrowers who have resisted Australian government efforts to remove tariffs on imported sugar; and to a lesser extent, the Australian Wheat Board which has fiercely defended its status as the sole exporter of Australian wheat, something which arguably has served to distort market signal.

The growing acceptance of economic rationalist ideas by influential societal actors in all sectors of this study has meant that it has been not so problematic electorally for the Australian government to prosecute policies designed to make Australian industry more efficient and responsive to market signals. More importantly for this study, evidence of societal-actor support for a program of industry reform has added credence to Australian state-actor claims that Australia has a high commitment to global liberalisation. These claims together with Australia's self-promotion as a relatively unsubsidised producer have been used to argue for more favourable consideration by the U.S.

**Role of Perception**

In Australia's trading relations with the U.S., as in any such relationship, there have and will continue to be occasions where what individual policy-makers believe or perceive will be important. Beliefs of policy-makers and societal actors are independent of one's position in the government or in interstate negotiations. The beliefs and perceptions of either or both state and societal actors may result in the adoption of certain courses of action towards both domestic and interstate bargaining which may be at odds from what would be expected from their material interests.

Trade policy-making understandably considers issues that go beyond the borders of one state. This means that closer attention must be given to the impact of the perceptions and beliefs of policy-makers than if only issues found within the one state were being studied. Differences between the cultural backgrounds and personal experiences of the policy-makers of the different states will be more profound. As well, dealings between
states can add the further difficulty that state leaders (and those who represent them in negotiations) may well operate according to quite different cognitive frameworks about what is important, what needs to be done, and who bears responsibility for change. [Axelrod and Keohane, 1986, 247] For instance, in the 1988 negotiations over aviation rights, Australian and U.S. negotiators, acted upon quite different views as to the importance to be given to regulating capacity on the trans-Pacific routes.

A state’s policy choices will reflect, perhaps imperfectly, the perceptions that members of its elite (central decision-makers and dominant societal actors) have of the state’s interests. These perceptions are not necessarily reflections of views held within the society at large43 but, as expected, will not often diverge markedly from views held by those upon whom the elite relies for political support. Australian state actors and dominant societal actors can be expected to hold generally similar views about what should and should not be done to improve trade outcomes. Important divergences of opinion do, of course, occur and one recent example was that between Australian state and certain influential societal actors during the 1980s over the pace and extent of the removal of industry protection.

There will be occasions (even if severely confined by time frame or issue) which provide opportunities where Australian policy-makers may be able to promote certain beliefs or perceptions in the U.S. in an attempt to improve Australia’s trade outcomes. Important examples have related to Australia’s communication of both its commitment to international liberalisation, especially in agricultural trade, and to the damage that a lack of reform is causing for both U.S. interests (such as taxpayers and consumers) and for Australian industry. The Hawke and Keating governments’ have constantly promoted (in tandem with Australian wheat farmers) the belief that the continuation of the U.S. Export Enhancement Program (EEP) was having a deleterious effect upon both Australia’s wheat exports and upon its economic capability to play its part as an ally of the U.S. While the U.S. policy has, to date, not been changed, the Australian campaign against the EEP is not likely to be dismissed so lightly as it was during the 1989 visit of former Vice President Quayle.
Perception can also be important in explaining outcomes from the negotiation process. For example, perceptions and expectations of an opponent's strengths, weaknesses, intentions, commitments, and goals are likely to affect negotiator responses and the interpersonal communication between the negotiators. [Spector, 1978, 57] The behaviour of the parties in the bargaining process can affect the nature of the resultant outcomes and this behaviour, including the parties' respective strategies and tactics, is itself influenced by subjective factors. Both Australian and U.S. negotiators of the bilateral aviation accords have referred to the important effect which the manner and behaviour of their respective adversaries had on the course, and indirectly the outcome, of the negotiations. Should, for example, perceptions of the other's capabilities be distorted then this would seriously affect the resultant policy-making.

For weaker states bargaining with much stronger ones, the negotiation process can often provide opportunities for them to improve their sectorial outcomes. One such opportunity arises from correctly interpreting the perceptions and misperceptions of the opposing negotiator.

The symmetry of the negotiating process provides the same opportunities for all negotiators (be they of weak or strong states) to apply the requisite skill of understanding how an opponent perceives an issue and of then exploiting that knowledge to one's advantage. This skill is an issue-specific resource which may be more easily applied by weaker states in some negotiations than others. In the 1988 aviation negotiations between Australia and the U.S., for instance, the Australian negotiators correctly perceived that U.S. negotiators would eventually give ground on the capacity issue in order to obtain a liberal agreement which would enable U.S. carriers to expand their services on the trans-Pacific routes.

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receptive and influential U.S. audience (drawn from those state and societal actors supporting free trade) to Australian arguments as to the domestic costs of U.S. trade policies as well as Australia's self-promotion as a relatively lightly subsidized trader.

Perceptions can also be an important factor in both domestic and interstate bargaining. In interstate negotiations, the perceptions of an opponent can be used by a weaker state to exploit opportunities and advance its interests.

Undoubtedly there will be occasions where ideas and/or perception will be important. However, the extent of their relative influence in policy-making may be hard to judge given that they remain factors which are difficult to measure. [Odell, 1990, 152] Understanding the contribution made by either ideas or perception to policy-making is also complicated by the fact that they are factors which should not be considered separate from the influences of state actors and institutions and societal actors upon policy-making. These non-power considerations constitute a supplementary perspective which recognizes that how individual policy-makers see their policy-making environment and the particular policy problem before them really does matter.

Conclusion

Each of the explanatory approaches considered makes some contribution to understanding Australia's trade policy-making towards the U.S. However, each explanation is, on its own, underdetermining in that not one of the approaches is sufficiently comprehensive as to fully explain trade policy outcomes.

An explanation must take us beyond either deductive systemic or inductive society-based approaches. This study invites the conclusion that a comprehensive approach can be constructed by examining elements of both the state-centred and society-centred explanations, while not ignoring the influence of international factors upon state and societal actors. The approach adopted holds that state actors and institutions constitute the principal explanatory variable with which to understand Australia's trade policy-making towards the U.S. Societal and international influences, while important, are of lesser explanatory significance.
State actors, as representative of the Australian state, are charged with responsibility for activating the state structure. They are instrumental in the formulation and implementation of Australia’s trade policy and in bargaining with other state actors. State actors have particular policy objectives, expertise and information which they bring to the policy-making process. The role of Australian state actors within this process is enhanced by the fact that their role is performed within a Westminster-style political system which provides few direct opportunities for societal-actor involvement in the process.

The institutions of the Australian state condition the access that societal actors have to the policy-making process while state actors, acting through these institutions, filter societal-actor demands. In this way, state actors and historically-determined state institutions can influence the nature of the societal demands which are made upon the state. The societal actors, understanding this conditioning process, shape their demands so as to take account of the likely institutional responses. Only over a long period of time can important societal actors contribute to the historical experience of these institutions and thereby shape their nature.

Societal actors involved in Australian trade sectors bring to the policy process expertise and information gained from direct involvement in the world markets for the products in which they trade. As well, societal actors can be effective in either marshalling electoral support for or causing electoral harm to state actors. The societal actors use these resources to secure access to the policy-making process and influence state-actor policy choices and the strategies adopted in interstate bargaining for improved outcomes. There is some resultant accommodation of the state actors’ need for societal-actor support and the societal actor demands for state action. However, the state actors and institutions perform the principal role in the policy-making process with societal-actor demands, conditioned as they are by state institutions, forming a less important component.

Australian trade strategies to improve trade outcomes, while decided by state actors, reflect the input of societal actors as well as that of state actors. The Australian government’s approach to the U.S. administration over the implementation of its Export
Enhancement Program, for example, is partly explained by how the AWB evaluated the effects of that program on Australia’s traditional wheat export markets. In the case of sugar, how the CSR viewed the diminishing import sugar market in the U.S. has helped determine the Australian government’s approach to the U.S. import quota.

These strategies must, however, be responsive to those international developments considered by Australia’s state and/or societal actors as having an effect upon Australia’s trade interests. These international influences upon Australian trade policy-making, are felt either directly by the state as a result of Australia’s involvement in the world economy, or indirectly as transmitted through the demands of societal actors trading on global markets.

State actors are responsible for bargaining bilaterally with the U.S. as well as multilaterally with other state actors within international forums such as the GATT. These international negotiations can act as an avenue through which international influences can affect the strategies Australia adopts towards improving the outcomes from its trade with the U.S. The process by which Australia negotiates with other states is, however, a two-tier one as state actors are simultaneously involved in domestic bargaining with societal actors. This domestic bargaining is necessary not only to gain domestic compliance with internationally agreed outcomes but it also acts as the means by which domestic sectorally-specific concerns are introduced into the policy-making process.

While international developments and their perceived effect upon Australian trade interests must be taken into account by Australian state and societal actors, they do not constitute a critical explanatory variable but rather an exogenous factor in the devising of Australia’s strategies to improve its trading outcomes with the U.S.

Likewise, cognitive factors such as the beliefs and perceptions of principally state, but also important societal, actors are capable of affecting strategies adopted in international negotiations and must be accorded some, albeit peripheral, importance.
The Plan of the Study

The Chapters that constitute this study set out, at a general level, to explain how Australia has sought to improve its trade outcomes from its bargaining with the U.S. Australian trade policy-making towards the U.S. has been examined in terms of the bargaining strategies adopted within the approaches, be they bilateral and/or multilateral, made towards the U.S. within particular trading sectors.

The primary purpose of this study is to give an account of how Australia has sought to bargain with the U.S. for improved returns in each of five trading sectors over the 1980s; the problems Australia has encountered in each; and the policy choices made and strategies adopted to try and overcome them.

The study's principal contention is that Australian trade policy-making towards the U.S. to improve outcomes is best explained by reference to a bargaining relationship found within each trade sector. Within each sectoral bargaining process, Australian state actors have devised strategies which have been influenced by the nature of the U.S. policy and policy-making process; the Australian domestic bargaining process between state and important societal actors; and, to a lesser extent, prevailing ideas and the perceptions of the negotiating parties.

The organization of the study is arranged according to the trade sectors that are its subject. Within each of the chapters dealing with a trade sector, the nature of the U.S. industry programs and policies and the problems and difficulties that these pose for Australian exporters are initially considered. This is followed by the Australian policy-making process in each of these sectors as well as the approach taken to improve outcomes in each of these trading relationships. This chapter, reviewing important theoretical arguments, comprises the first of the study.

Chapter 2 is concerned with the political economy of Australian agricultural trade policy-making towards the United States. In particular, the chapter examines how Australia has bargained for an improvement in its trading outcomes in each of the wheat, sugar and beef sectors over the 1980s.
This chapter initially considers the nature of U.S. agricultural trade policies and policy processes in each of the three agricultural sectors and addresses the issue of why U.S. policies have continued to be generally protectionist. This is followed by an examination of Australia’s agricultural trade policy-making in each of the three sectors and discusses the extent to which the domestic bargaining process has facilitated or hindered Australia’s bargaining with the U.S. The chapter’s final section deals with the bargaining strategies adopted by Australia within the general approaches taken (be they bilateral and/or multilateral) to improve its agricultural trading outcomes.

Chapter 3 deals with the political economy of Australia’s steel trade policy-making towards the U.S. and forms the only manufacturing industry study. U.S. steel trade policies have been highly protectionist over the period of the 1980s and early 1990s and this chapter initially details the nature of these policies and their programs as well as the parts played by U.S. state and societal actors in determining these policies.

The second section of this chapter considers developments in Australia’s steel policy-making over the 1980s. The focus is upon the particular dynamic of state-societal actor relations in the making of Australian steel policy produced from the dominance of one company, BHP, in Australia’s steel export trade and the impact this has had upon Australia’s bargaining approaches to the U.S. This is followed by an examination of these bargaining approaches with particular attention to the strategies adopted to overcome the difficulties encountered by Australia in seeking to increase its share of the U.S. steel import market.

Chapter 4 is devoted to the political economy of Australia’s dealings with the U.S. over international aviation (passenger transport) rights. After a brief discussion of postwar and more recent international developments, the first section considers the U.S.’s pro-competitive policy as it has developed amidst domestic U.S. deregulation and global liberalisation in air services over the past decade. The close relations between state and societal actors in U.S. international aviation policy-making is then examined with particular attention to how these have determined both U.S. policy in international aviation and its approach towards negotiations with Australia.
This chapter also covers the respective roles of Australian state and societal actors (particularly Qantas Airways) in the making of international aviation policy with particular reference to how the changing nature of domestic bargaining in this sector has affected Australian bargaining strategies towards improved outcomes from Australia’s aviation negotiations with the U.S.

Finally, against the background of the latest formal round of Australia-U.S. negotiations and the problems which have developed since those negotiations, chapter four discusses those bargaining strategies adopted by Australia and applied within the formal aviation negotiating sessions, its bilateral approach to the U.S., and/or its multilateral approach towards an improvement in Australia’s outcomes from its aviation services trade with the U.S.

Chapter 5 concludes this study and summarizes the nature of the bargaining processes in each of the five sectors reviewed of Australia’s trade relations with the U.S. Concerned at the differential power-capabilities between Australia and the U.S., Australia has developed strategies within each bargaining process by which it has sought to mobilize sectorally-specific resources to either take advantage of opportunities or counter problems within each sector and thereby improve its trading outcomes.

In thus summarizing Australia’s bargaining with the U.S., and those strategies applied towards an improvement in sectoral outcomes, this chapter seeks to draw a composite picture of Australia’s trade policy-making towards the United States.
NOTES

1. Australia has a two-to-one trade deficit with the U.S. In 1990 for instance, Australia’s imports from the U.S. amounted to US$9,261 million while its exports to the U.S. only amounted to US$4,275 million. [IMF, Direction of Trade Statistics, 1991]

2. The U.S. supplies one-fifth of Australia’s total foreign investment making it the largest foreign investor. In terms of investment flows, it should be noted that Japan replaced the U.S. and Britain as the major source of foreign funds in the late 1980s.

3. A realist definition of rationality holds that states act rationally when they have consistent, ordered preferences and when they calculate the costs and benefits of all alternative policies in order to maximize their utility in the pursuit of power. [Keohane, 1986, 194]

4. As Kenneth Waltz has noted, while each state arrives at policies and decides on actions according to its own internal processes, its decisions are shaped by the very presence of other states as well as by the interaction with them. The situation in which states act and interact constrains them from some actions, disposes them toward others, and affects the outcomes of their interactions. [Waltz, 1986, 52-53]

5. Robert Axelrod and Robert Keohane define cooperation as occurring when actors adjust their behaviour to the actual or anticipated preferences of others. It is thus not to be equated with a state of harmony between actors. [Axelrod and Keohane, 1986, 226]

6. Stephen Krasner has defined a regime as being a "set of implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations." [Krasner, 1983, 3]

7. Many writers dispute the validity of the term "sensitivity interdependence" arguing that it should rather be referred to as "mutual sensitivity". See D. Baldwin, 1980, for a review of this dispute.

8. The power balance exhibited by a relationship of asymmetrical interdependence can also, of course, be transmitted through the process phase of the negotiations and influence the outcome.

9. The advantage to the stronger power in the interdependent relationship may, of course, still appear strongly in the determination of bargaining outcomes. For example, it may be exhibited in the stronger state's ability to demand high and concede little in bargaining with the weaker state while the latter may be forced to compromise many of its objectives and settle for a less than satisfactory agreement. [Spector, 1978, 64]

10. Issue-specific resources may include such matters as the negotiators' skill and the level of commitment that each party has to a resolution of the matters at hand. William Habeeb has referred to three important elements of issue power which may assist a weaker state against a stronger one in negotiations: they are its level
of commitment, range of alternatives and degree of control over the negotiations. [Habeb, 1988, 130]

11. Harrison Wagner makes the distinction between what he refers to as unexploited market power and unexploited opportunities to trade economic resources for political concessions. [Wagner, 1988, 473-4]

12. It is acknowledged, however, that the less dependent state will be able to make bargaining concessions at lower cost than the more dependent state.[See Keohane and Nye, 1987, 734; Wagner, 1988, 468]

13. Helen Milner has expanded on these domestic responsibilities and gives three reasons why the domestic political process will be important for central decision-makers as they seek cooperation through international bargaining: understanding domestic politics will tell us how preferences are aggregated and national interests formed; help to explain the strategies adopted to realize goals; and remain necessary for domestic ratification of international agreements.[Milner, 1992, 493]

14. As Charles Lipson has argued, "(state) choices are typically the product of politically mediated coalition bargaining" and this process will affect the ability of the state to devise desired strategies.[Lipson, 1984, 10]

15. Axelrod and Keohane make reference to what is termed "blackmailing" (as contrasted to "backscratching"), which implies a threat from one actor (read state) to another, as a form of issue linkage.[Axelrod and Keohane, 1986, 240]

16. Characteristics of issue areas could be influential through the location of decision-making. This may, in turn, affect the fortunes of societal actors; by affecting the interests that particular groups have in the policy decision (they may be direct and obvious in some while indirect and obscure in others); and through the differential incentives for collective action by societal actors across issue areas.[Ikenberry, 1988, 236-7]

17. As David Lake has argued, state actors in the foreign policy field have sufficient autonomy to mobilize latent or previously neutral groups into the political processes which can offset entrenched interests.[Lake, 1988a, 57]

18. In the area of international trade, Stephen Krasner has argued that the structure of this trade is affected by the states being "locked in by the impact of prior choices on their domestic political structures."[Krasner, 1976, 341]

19. Peter Hall’s definition of institutions is used here being formal rules, compliance procedures, and standard operating practices that structure the relationship between individuals in various units of the polity and economy. [Hall, 1986, 19]

20. As Joanne Gowa has argued, political institutions establish the markets for political goods (such as protection) and it is these markets which determine whether the political good will have a public, private or mixed character in terms of availability for private interest groups. [Gowa, 1988, 27-28].
21. David Lake defines state structure as the distribution of authority within a state which is understood by reference to the codified laws and institutions of that state. [Lake, 1988b, 38]

22. Wendy Hansen has referred to what she sees as a self-selection process undertaken by industry groups in deciding whether to seek industry regulation or protection from the United States International Trade Commission.

23. The Australian Industries Commission, for example, performed an important role in the 1980s in calling for the reform of certain industry policies and practices.

24. G. John Ikenberry has developed a conceptual framework which classifies adjustment into both international and domestic on the one hand and offensive and defensive on the other.[Ikenberry, 1986]

25. It should be noted that in pursuing its economic reform agenda over the 1980s, the Australian government was prepared to make only the most limited exceptions as to industry support and assistance with respect to these primary industries.

26. This study is not concerned with group theories which refer to the social group or class and the conflict between them within the polity. Confining the analysis to interest groups would invite, as Ikenberry has argued, ad hoc and ex post facto statements derived from the results of inter-group competition for influence.[Ikenberry et. al., 1988, 8]

27. The classification of a state as either strong or weak is problematic. As Gourevitch has pointed out, even a "strong" state will require the support of some significant societal actors in order to pursue its preferences into policy. [Gourevitch, 1986, 238]

28. Ruggie has extended this analysis to argue that the hegemonic form of state/society relations (or lack thereof) that prevails at any time constitutes an attribute of the international system and can thus be used as a systems-level explanatory factor.[Ruggie, 1986, 147]

29. As Mark Kesselman comments, Gourevitch does not adequately explain why mediating institutions (such as representative associations) are not more important in determining how economic policy is made. Also cited is the relative unimportance ascribed by Gourevitch to coalition formation and political outcomes of what Kesselman refers to as non-market-generated collective identities (such as region, religion, ethnicity and gender).[Kesselman, 1992, 654]

30. While transnational actors have been included within this categorization of societal actors, the impact of an individual state or of the 'historically shaped domestic structures' upon them, will understandably be less for these transnational actors than for a societal actor operating solely within its country of domicile.

31. Gowa refers to Mancur Olson's observation regarding collective action [Olson, 1965] that rational individuals will seek to 'free ride' on the contributions of others in the group and that, without certain countervailing conditions, the collective good will, as a result, be unlikely to be provided.
32. It should be noted that societal actors are also constrained in the influence they can bring to bear upon the policy-making process by the need to compete with other societal actors for the attention of state actors.

33. In each of the wheat and sugar sectors, a dominant societal actor exercises monopoly export rights in respect of Australian production. Likewise, BHP is the sole Australian steel exporter and the AMLC has the rights to sell Australian beef overseas. In each sector, this particular market position has increased the leverage of each of these actors in bargaining for influence in Australia’s trade policy-making.

34. See Bhagwati for a brief account of the intellectual antecedents of postwar liberalism in U.S. trade policy. [Bhagwati, 1989]

35. Keohane and Nye have argued that the norms and principles of international regimes can be internalized by important groups and become part of the belief systems that filter information. [Keohane and Nye, 1987, 751]

36. Goldstein provides an illustration of the process used by American industry to seek qualifications to the U.S. liberal trade regime. [Goldstein, 1988, 188-209]

37. One recent example was when Australia and a number of other states took the U.S. sugar policy before a GATT dispute panel. While the claimants won, the U.S.’s response with a tariff-quota program served the same protectionist purpose as the previous import quota.

38. Calls for ‘free trade’ are now matched in the U.S. by calls for ‘fair trade’ while there is also no reduction in the provision of mechanisms to shield domestic producers from global market effects. Liberal trade ideas must coexist with mercantilist ideas (as well as institutions) from the pre-liberal era.

39. As part of this strategy, there have been a number of important studies (by either Australian Government agencies or industry bodies) as well as a numerous Ministerial meetings and trade delegations which have been used to promote the idea of liberalized trade.

40. It should not be assumed, however, that because the U.S. Administration supports multilateral reform in certain sectors more strongly than in others that this has necessarily resulted in reform of those programs.

41. John Gerard Ruggie has coined the term "embedded liberalism" to describe this institutionalisation. [Ruggie, 1982]

42. Perceptions are here considered as the product of an individual’s beliefs, values and general ideological standpoint.

43. While it is beyond this study to consider elite theory in any detail, it is the perceptions of the powerful, be they state or societal actors, that matter and they can be expected to act in terms of what they think are their interests.[Domhoff, 1990, 113]
44. John Odell has pointed out the dangers of any cognitive perspective which fails to appreciate that regular patterns of behaviour may well correspond to interests objectively defined.[Odell, 1990, 152]