

Predicting a State's Foreign Policy: State Preferences between Domestic and International Constraints

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In order to understand a state's foreign policy preferences, we need to take both its domestic and international considerations into account. This article aims to contribute to the analysis of foreign policy by exploring the conditions under which states will either give precedence to domestic or international incentives. Two central variables are used to generate predictions on the expected primacy of either level. The first variable is "internal polarity", that is, the degree of concentration of power in the hands of the government relative to society. The second variable is "external polarity", referring to the degree of centralization of power in the international system. It will be argued that various combinations of scores on these variables affect the formation of foreign policy preferences differently. When internal polarity is low and external polarity is high, domestic considerations will be decisive. On the contrary, when internal polarity is high and external polarity is low, international considerations will be decisive. With respect to the other two combinations, process variables such as the degree of domestic mobilization and the sensitivity of the government are expected to gain particular importance in tilting the balance towards either domestic or international considerations. A preliminary test of the theoretical framework is provided by applying it to French and German preference formation on the 1988 CAP-reform and the agricultural aspects of the Uruguay Round of GATT-negotiations between 1990 and 1993.

It is commonly acknowledged that in order to understand the preferences and behavior of states in international relations, we need to take both domestic considerations and international considerations of states into account: Janus looks both ways. A task of crucial importance, therefore, is to uncover and explain how the internal and external intermix and under which conditions one predominates over the other. The aim of this article is to contribute to this task by developing a parsimonious theoretical framework from which hypotheses can be deduced specifying the conditions under which states will give precedence to either domestic or international incentives in the process of preference formation. Two structural variables are taken as the point of departure: the polarity of

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the domestic system (i.e., the degree of concentration of power in the hands of the government relative to society, also referred to as "domestic structure" or "state-society relations"); and the polarity of the international system (i.e., the degree of power concentration in the international system). I argue that different combinations of these two structural power relations affect the relative importance of domestic as opposed to international considerations in different ways.¹ This argument is based on the assumption that variations in external polarity and internal polarity result in variation in the tightness of the external and internal constraints respectively, with which states are confronted in the process of preference formation. States and governments are sensitive to these constraints in the process of preference formation, as states want to avoid a decline in their international power position and governments wish to remain in office. External polarity affects the stability of power relations and thereby the degree to which states need to take account of their external interests. The external constraints a bipolar international structure imposes on states are loose compared to the constraints imposed by a multipolar structure. Domestically, high internal polarity (a state-dominated domestic structure) will give the government more freedom of maneuver than low internal polarity (a society-dominated domestic structure) as it imposes relatively loose domestic constraints.

The question of the relative importance of domestic and international considerations and the conditions under which one dominates over the other is particularly pressing when it comes to middle power states (such as France, Germany, and the United Kingdom). Domestic considerations are likely to play a dominant role in the foreign policy of both superpowers (such as the United States) and small powers, albeit for different reasons. Due to their capabilities, great powers are generally considered to have relatively large room for maneuver within the international system, as a result of which they can afford to prioritize domestic concerns (cf. Katzenstein 1985). Small powers are either able to free ride or carry out their domestically preferred policies without fear of great power intervention, as they pose no significant threat to the latter's relative power position (cf. Olsen and Zeckhauser 1966:269, 273-274).² In contrast, on the basis of their relative power position, middle powers particularly have to take account of international constraints (cf. Skidmore 1994). A middle power will try to maintain or even improve its power position (risking potential collisions with great powers), because, contrary to the small powers, they are sufficiently powerful to influence events in the international system. Since middle powers are particularly confronted with tight international constraints, it is important theoretically to explain how they balance their domestic and international interests. I therefore limit the scope of the theoretical model to middle power liberal democratic states.

In the remainder of this article, I will first provide a short overview of the relevant literature which combines domestic and international sources of foreign policy, focusing on how it relates to the theoretical model I expound in this article. This overview is followed by the introduction of a three-dimensional view on state interests, encompassing political, economic, and ideological interests. Subsequently, the effects of internal and external polarity on preference formation will be elucidated more thoroughly. Although these structural variables constrain and enable, they do not determine preferences. Therefore, process variables that are likely to intervene between structure and outcome, and thereby modify expectations, will be identified as well. From the theoretical framework, three main

¹ In the remainder of this article, the terms *international* and *external* will be used interchangeably, as will the terms *domestic* and *internal*.

² I am aware that it is often argued that small powers have to take account of the wishes of great powers, as these are able to compel and force them to take certain actions (Krasner 1978:322; Keohane 1984:37). However, I would argue that great powers are more likely to use their power to compel middle powers than to compel small powers.

predictions are deduced. First of all, in cases with a high internal polarity (state-dominated domestic structure) and low external polarity, external considerations will be decisive. Secondly, in cases with a low internal polarity (society-dominated domestic structure) and high external polarity, internal considerations will be decisive. Thirdly, in the two remaining combinations, the effect of process variables will be decisive in tilting the balance towards either international or domestic considerations. In the subsequent section, the theoretical framework is applied to French and German preference formation regarding the 1988 Common Agricultural Policy (CAP)-reform and the Uruguay Round of General Agreement on Tariffs and Trade (GATT)-negotiations between 1990 and 1993. These case-studies, which offer variation on both internal and external polarity, provide a preliminary test of the theoretical framework set out in this article. Proceeding in this way, I demonstrate how the innovative theoretical framework presented in this article contributes to the ongoing debate in Foreign Policy Analysis on the domestic and international origins of foreign policy.

Preference Formation in Two-Level Games

After a period in which foreign policy was regarded to be “exclusively a reaction to external stimuli” the 1950s and 1960s witnessed a sharp increase in research focusing on the domestic sources of foreign policy (Rosenau 1966). Since then, considerable numbers of authors and approaches have focused on the interplay of external and internal variables which combine to produce foreign policy. These approaches combine variables from different levels of analysis. A host of domestic level variables, ranging from domestic institutions, public opinion and interest group pressure to elite attitudes and ideology (for an overview, see Haney, Hey, and Neack 1995) have been introduced alongside state-level variables focusing on state power and geopolitical position, and system-level variables such as the principle by which the international system is ordered, the distribution of capabilities (Waltz 1979; Keohane and Nye 1989) and the level of international tension (Ostrom and Job 1986; James and Oneal 1991).

Important approaches combining domestic and international variables are Putnam’s (1988) two-level games, neoclassical realism (e.g., Wohlforth 1993; Lieshout 1995; Schweller 1998; Zakaria 1998), the domestic-structure approach (Katzenstein 1976, 1978; Mastanduno, Lake, and Ikenberry 1989; Risse-Kappen 1991; Skidmore 1994), and poliheuristic theory (Mintz 1993, 2004). A conviction most of these authors share is that governmental leaders are constrained by both international and domestic politics and that both should be taken into account when explaining state preferences or behavior. Putnam’s metaphor of *two-level* games rightfully emphasizes the need for states to reach international deals which are simultaneously acceptable to the other international negotiators and likely to be ratified at the domestic level. Katzenstein and Risse-Kappen convincingly argue that domestic structure explains when a state is more or less likely to be influenced by society and when a state will be able to take account of its external interests. However, they fail to specify these external variables and how they influence preferences. The distinguishing feature of neoclassical realists is that they regard incentives and pressures arising from the international system to be “translated through unit-level intervening variables such as decision-maker’s perceptions” (Rose 1998:152). Nevertheless, neoclassical realists “have yet to identify when these [domestic] variables will exert greater or lesser effects” (Walt 2002:211). Poliheuristic theory is a decision-making approach which works from the assumption that preferences and decisions are the result of an evaluation of feasible alternatives on a set of dimensions, such as military, economic, and political dimensions (Mintz 1993:601). My approach focuses on similar dimensions, emphasizing the distinction between dimensions reflecting domestic considera-

tions and dimensions reflecting international considerations. The current article may contribute to the poliheuristic research program by identifying which dimensions are essential under different circumstances. Poliheuristic theory suggests that the number of alternatives is substantially reduced on the basis of only a few key dimensions. All alternatives that score below a certain value—the so-called “cutoff value”—on one of these dimensions are eliminated (Mintz 1993:599). As this article reflects on the relative importance of particular dimensions on which foreign policy alternatives are valued, it may also facilitate establishing the cutoff value below which alternatives are eliminated.

Drawing on this body of literature, the approach set out here is innovative in that it combines two *structural* variables—internal polarity and external polarity—which have not been previously combined to generate hypotheses on the relative importance of internal and external considerations.³ It seeks to combine the strengths of the domestic structure approach on one hand, and the strengths of realist theories on the other hand, simultaneously avoiding their relative underdetermination of international and domestic stimuli of foreign policy respectively.

State Interests

The State operates within a more or less uncertain environment within which it, first of all, has to take care of its survival.⁴ A distinction can subsequently be made between the external and the internal interests of the State, or between the interest of the state to survive in the international system and the interests of the government to survive in the domestic system. As a consequence, the preference ordering of behavioral alternatives depends on the expected effects of the different alternatives on the interest in survival of the State.⁵ Van der Vleuten (2001:50) has introduced a useful distinction between three important dimensions of the interest in survival: a political, economic and ideological dimension (see also Bull 1977 (1995ed):63).

The *political* dimension of the national interest essentially covers the relative power position of the state and its government. For the government this implies that its objective is to remain in office, and for the state it implies safeguarding its power position vis-à-vis other states in the international system. Apart from this material aspect, the State's political interest also includes an immaterial, less tangible feature: the State's credibility. Credibility may be regarded as a dimension of power, which is indicated by a state's reputation for keeping its promises and executing its threats. Wealth is the central aspect of the *economic* dimension of state interests. Applied to trade issues, this implies that states aim at safeguarding their share in world markets by tuning international trading agreements to their institutional trade opportunities. States will prefer liberalization in sectors in which they have a comparative advantage, and they will prefer protectionism in sectors in which they produce relatively inefficiently. In addition, the concept

³ In the opening article of *Foreign Policy Analysis*, Hudson (2005:3) describes the integration of the domestic and international strands as a “formidable task”. She further emphasizes the need to incorporate a more robust concept of agency in IR theory. However, when it comes to explaining the relative impact of domestic and international variables on foreign policy, I would argue that structure would be a more proper point of departure than the agent. For it is eventually structure which, to a large extent, constrains the range of foreign policy options.

⁴ In the rest of this article, I distinguish between the state as an actor in the international system and the state as an actor in the domestic system. The former will be referred to as “state”, and the latter will be referred to as “government”. The term State is reserved for the state as a mental construct: the State that has to weigh its external (state) interests and its internal (governmental) interests in the process of preference-formation.

⁵ Underlying this statement is the assumption that actors are *rational*, which means that they decide as if they have ordered the expected outcomes of the behavioral options subjectively available to them on the basis of the expected utility they attach to these outcomes. Actors are assumed to be *utility maximizing* and thus to prefer the option with the highest expected utility attached to it.

of institutional trade opportunities also refers to the degree to which a certain state is dependent on the stability a transparent, well-organized trading system provides. Domestically, governments are interested in a stable development of economic indicators like GDP and employment. Finally, the *ideological* dimension of the national interest touches upon national role-perceptions, principles and paradigms. There are certain roles a particular state wishes to play in the international system: take for example France's *vocation exportatrice* in the area of agriculture (cf. Fouilleux 1996:52). Governments wish to safeguard the principles and paradigms on which their policy is based. Small scale family farming is such a *Leitmotiv* in German politics (Bundesministerium für Ernährung Landwirtschaft und Forsten 1988). A summary of these different dimensions of a State's domestic and international interests is provided in Table 1.

I define preference formation as the process in which the effects of each (subjectively available) behavioral option on the different dimensions of the State's interests are considered. This process results in an ordering of behavioral options or, put differently, a preference. I assume that behavioral options can have three sorts of effects for each of the State interests: neutral effects; positive effects (contributing to the State interest); or negative effects (damaging the State interests).⁶

The incentives arising from the different dimensions of interest can be mutually reinforcing, but they may also be contradictory, both within one column and between the external and internal columns. With respect to a state's interest, the political dimension may (at least in the short term) be regarded as prior to the economic and ideological dimension, because political (and military) security is a prerequisite for a state to be able to strive for economic and ideological goals. Therefore, when it comes to economic foreign policy, I assume that a state aims at maximizing economic benefits as long as this does not compromise its political material interest. Domestically—again, at least in the short term—a government's political interest may be considered dominant, assuming that the government, first of all, strives for reelection. A government is therefore expected to have relatively short time-horizons. The importance of this domestic political dimension is also emphasized in poliheuristic theory (Mintz 1993:601, 2004:7). We may conclude that in the short term, political considerations are relatively important compared to economic and ideological considerations.

TABLE 1. Dimensions of the Interests in Survival of State and Government

<i>External</i>	<i>Internal</i>
	Political material interest
Defending the relative power position of the state.	Remaining in office (re-election).
	Political immaterial interest
Defending the state's credibility.	Defending the government's credibility.
	Economic interest
Tuning international trading agreements to the state's institutional trade opportunities.	Maximizing national economic indicators: state budget, GNP, employment etc.
	Ideological interest
Safeguarding the 'role' the state wishes to play in the international system.	Defending the government's policy principles and paradigms.

⁶ The negative and positive effects on different dimensions of the State interest can be termed *costs* and *benefits* respectively. In the process of preference formation, the State decides on the basis of its *perception* of the costs and benefits it attaches to different behavioral options.

The Domestic Level: Internal Polarity and the Process of Preference Formation

As Putnam's metaphor of two-level games clearly illustrates, States are involved in two games simultaneously, one at the domestic level and one at the international level.⁷ This section focuses on the domestic level. First, the effects of the structural variable of internal polarity on preference-formation will be explored. Secondly, I will focus on process variables which are likely to intervene between the expectations based on the structural variable and the actual outcome.

Internal Polarity

Internal polarity refers to the degree to which power is concentrated within the state.⁸ It essentially focuses on the power of the government in relation to society.⁹ The greater the capability of the government to impose its will on societal actors (or to pursue policies against the will of these societal actors), the higher the internal polarity (Van der Vleuten 2001:39). Due to the relatively large room for maneuver for the government in a state characterized by high internal polarity, the State will be better able to take account of its external interests. Thus, the relative weight a State attaches to its external interests increases as internal polarity increases. With respect to the different dimensions of interests (political, economic, and ideological), an increase in internal polarity increases the likelihood of the government attaching relatively more importance to its economic and ideological interests compared to its political interest. Based on Van der Vleuten (2001:39–49), I use three institutional factors to estimate the internal polarity: (i) the degree to which power is centralized within the state; (ii) power relations between government and parliament; and (iii) the system of interest mediation. Each will be separately discussed below.

The Degree to which Power is Centralized within the State

The degree of centralization of power within the state affects governance capability as it indicates the degree to which the consent of lower levels of government is required in order for the central government to be able to take policy-decisions. It thus essentially deals with the question whether decision-making power is centralized at the level of the central government, or, in contrast, shared with lower levels of government, which then constitute veto-players.¹⁰ In a unitary state, the degree of centralization is high and in a federal state, the degree of centralization is low. Furthermore, in presidential systems, the degree of centralization is high if the president and the prime minister belong to the same polit-

⁷ I limit myself to these two games. A nested games approach (Tsebelis 1990) would add numerous subgames, charting the interactions of all actors involved, and explaining the effects on the so called "principal" game. Such an approach would not be appropriate here, because I do not deal with one principal game and numerous subgames, but with two principle games which are linked but not nested. I am interested in which game (the international or the domestic) is prioritized by the State under which circumstances.

⁸ Following Van der Vleuten (2001), I use the term *polarity*, because it can be applied both at the domestic and at the international level, indicating the degree to which power is concentrated in the hands of the government at the former level, and indicating the degree to which power is concentrated in the hands of a small number of states at the latter level. As such, it is derived from Waltz's third characteristic of "structure", which is the distribution of capabilities across the units of the system. (Waltz 1979:81). I am aware that the term *polarity* is not commonly used in this sense and that my understanding of internal polarity closely resembles what is often labeled the distinction between *weak* and *strong* states (e.g., Krasner 1978) in Comparative Politics literature, or *state-society relations* in the domestic structure literature. With respect to the former, I would argue that the terminology is less appropriate in IR literature and could easily be confused with a reference to the relative power of a state in the international system (Mastanduno et al. 1989 use the terms *weak* and *strong* state in that sense for example). The term *state-society relations* fails to capture the structural character of the variable.

⁹ With the term *society*, I refer to domestic non-state actors, including corporatist actors and societal movements.

¹⁰ On veto-players, see (Haverland 2000; Tsebelis 2002).

ical party and low if they belong to different political parties. The more decision-making power is centralized, the higher the internal polarity, while the less decision-making power is centralized, the lower the internal polarity.

Executive–Legislative Relations

Executive–legislative relations affect governance capabilities as they indicate the degree to which parliament constitutes a veto-player for the government. It answers the question whether the government is able to push through the policies it proposes, or whether these policy proposals can easily be blocked by parliament. In case of coalition governments or single-party majority governments (with a stable majority in parliament), executive–legislative relations are characterized by an executive–legislative balance. In case of minority governments, these relations are legislative-dominated. Furthermore, in bicameral parliamentary systems, executive–legislative relations are characterized by an executive–legislative balance if the government has a stable majority in both the upper and the lower chamber and executive–legislative relations are legislative-dominated if the government has a minority or merely a narrow majority in either of the two chambers. To the extent that the relations between government and parliament are more balanced, internal polarity increases. To the extent that these relations are legislative-dominated, internal polarity decreases, as parliament constitutes a veto-player, which negatively affects governance capabilities.

Method of Interest Mediation

The degree to which interest mediation is institutionalized affects governance capacity, as it indicates the degree to which societal groups can block the policies proposed by government. When the degree of institutionalization is high, we speak of a corporatist method of interest mediation, and when the degree of institutionalization is low, the method of interest intermediation is labeled pluralist. The former method places the societal groups involved in a veto-player position (Tsebelis, 1995:308). Thus, the higher the degree of institutionalization of interest mediation, the lower the internal polarity. A pluralist method of interest representation does not provide societal groups with veto-power (Nordlinger 1981:157; Culpepper 1993:306). Apart from the fact that these groups lack formal decision-making power, the “presence of several competing interests could in principle mean that they will prevent one another from realizing their interests directly” (Van Waarden 1992:44). Therefore, the lower the degree of institutionalization of interest mediation, the higher the internal polarity.

Taking together the “scores” of a state on the three indicators elaborated above, we can establish whether internal polarity is low or high. Table 2 indicates the scores from high polarity (3) to low polarity (0).

The Process of Preference Formation: Mobilization, Resources and Sensitivity

The domestic structure of the state provides information on the *structural* power relations between government and society, and therefore about the government’s

TABLE 2. Internal Institutional Indicators and Internal Polarity

	<i>High degree of centralization</i>		<i>Low degree of centralization</i>	
	<i>Executive–legislative balance</i>	<i>Legislative-dominated</i>	<i>Executive–legislative balance</i>	<i>Legislative-dominated</i>
Pluralism	3	2	2	1
Corporatism	2	1	1	0

general *ability* to ignore societal demands, or about the general *ability* of society to influence the government. In case of high domestic polarity, society will need to exert far more pressure in order to influence the government than in case of low domestic polarity.¹¹ The domestic structure, however, does not determine the behavior of government or society; it only enables and constrains and does not enable precise predictions on which particular option the government will choose.¹² A number of *process* variables do not only provide insights into the political costs and benefits attached to specific behavioral options, they also intervene between the expectations purely based on the internal structure and the actual outcome of the process of preference formation.

Societal mobilization, societal resources and governmental sensitivity influence the domestic political costs and benefits attached to different behavioral options. To a certain extent, mobilization is a prerequisite for societal influence, notwithstanding the possibility that the government anticipates on societal preferences and pressure. As levels of mobilization increase, the political costs or benefits of an option increase. In order for societal groups to mobilize, a policy proposal must affect their interests, and provide substantial benefits or induce high costs (Milner 1997:63). As long as societal mobilization is *unidirectional* – the mobilized societal groups confronting the government with similar demands – increased mobilization is likely to lead to an increase in societal influence. However, once mobilization becomes *multidirectional*, indicating lack of *unity* on the part of society, this will be detrimental to the influence of society in the process of preference formation, because it increases the government's room for maneuver. The more resources a group has at its disposal, the more likely this group will be able to influence the process of preference formation by effectively producing internal political costs and benefits. Finally, when a government is more *sensitive*, it will attach greater importance to its internal political interests and is therefore more likely to be influenced by societal pressure in the process of preference formation. The sensitivity of the government increases if the government has a weak position in parliament and when elections are pending (Van der Vleuten 2001:53).

The process variables elaborated above intervene between the expectations based on the structural variable of internal polarity and the actual outcome. When the degree of unidirectional mobilization, the amount of societal resources and the degree of governmental sensitivity are very high, this may result in societal influence on national preferences, even in states with a high internal polarity.

The International Level: External Polarity and the Process of Preference Formation

External Polarity

The international system is a system of self-help due to its anarchic structure. Since I assume that a state, above all, wishes to survive, an anarchical structure implies that a state has to take care of its own survival (Waltz 1979:107). This means that states have to worry about their external interests (e.g., their relative power position) in this rather uncertain and unstable international environment. The more capabilities (political, economic and ideological) a state possesses, the

¹¹ This corresponds with what Skidmore and Hudson (1993:8–9) call the *weak statist* view, which argues that “if [a] state is strong and insulated (...), then societal opposition can be ignored, at least until it reaches very high levels”.

¹² In line with Putnam's two-level games, for example, a government that has a weak power position in relation to society may choose to fight for another preference in the international arena than the preference that would be based on the national political costs and benefits, if this other preference would entail a policy that would strengthen the government's position in relation to society (see also Van der Vleuten 2001:55–56).

better it will be able to ensure its survival, as these capabilities “permit a state to induce changes it desires in the behavior of other states or to resist what it views as undesirable changes in its own behavior sought by others” (Grieco 1990:93). The structure of the international system constrains and enables states, making certain policy options more attractive to them than others. These constraints vary with the degree to which power is concentrated within the international system (external polarity). External polarity indicates the distribution of power between the states in the international system, in the same manner that internal polarity indicated the power relations between the government and societal actors in the domestic system. External polarity increases as power in the international system is more concentrated or, in other words, distributed more unequally (Lieshout 1999:18). External polarity affects the stability of power relations and thereby the degree to which states have to take account of their external interests. Skidmore (1994) emphasizes the variable of state power as indicative of the degree to which a certain state is constrained by its external environment. I agree that the external environment imposes different constraints on superpowers than on middle powers, the former having more policy options available to them. However, I would add that the policy options of a certain state in a multipolar system (low polarity)—irrespective of its particular position within the international system—also differ from the policy options available to that state in a bipolar system (high polarity).

The virtue of the “inequality of states” is that it “makes peace and stability possible” (Waltz 1979:132). Bipolar systems are more stable than multipolar systems. If the number of poles within the international system increases, “the level of decision-making uncertainty about the consequences of particular actions in the international arena increases” as well (Bueno de Mesquita 1978:243). As a result of the flexibility of alliances, power relations in multipolar systems are less stable than power relations in bipolar systems. In multipolar systems, the “tendency of coalitions to gain and lose partners” makes the “resolve of opposing states and also the size and strength of opposing coalitions (...) hard to calculate” (Mearsheimer 1990b:37). Furthermore, superpowers in a bipolar system have a greater interest in and feel more responsible for maintaining the status quo than great powers in a multipolar system (Lieshout 1995:180). Consequently, in a bipolar system, middle powers and small powers can rely on the intervention of superpowers in defense of their territory, while, in a multipolar system, they have to rely on their own efforts to a greater extent. We may conclude that a bipolar system (and the relative power positions of states within that system) is relatively stable compared to a multipolar system.¹³

The effects of variation in this stability on preference formation are twofold. In the first place, it affects the weight a State is likely to attach to its international interests and the State’s ability to take account of its domestic interests in the process of preference-formation. The more stable the international system, the less uncertain and constrained the position of states will be within this system. As a consequence, middle powers will be less concerned about their power position in a bipolar system than in a multipolar system.¹⁴ The probability then increases that the State will give precedence to its domestic interests and that it will pay less attention to its international interests. Secondly, variation in stability will affect the relative importance a state attaches to its political, economic or ideological interests. As the stability of the international system increases, long-term benefits

¹³ Moreover uncertainty and instability are also extremely high during periods of power transition, that is, when external polarity is actually changing (Bueno de Mesquita 1978:455; Starr and Morton 2001:51).

¹⁴ One exception needs to be mentioned though. This concerns middle powers which are not aligned with one of the superpowers. As these states are not integrated within competing blocks, they are at risk of serving as locations for superpower competition. I would like to thank an anonymous reviewer for pointing this out to me.

are valued higher. Therefore, a relatively stable system will increase the value a State attaches to its economic and ideological interests (which are generally considered to be more long-term than its political interests).

The Process of Preference Formation: State Vulnerability

State vulnerability is a process variable intervening between the expectations based on the external structure and the actual outcome of the process of preference formation. Increased pressure by other states is likely to result in increasing political costs for a state. The *vulnerability* of the state (comparable to the sensitivity of the government in the domestic arena) affects the degree to which state A is likely to be influenced by state B. Asymmetries in dependence-as-vulnerability between states have consequences for the interactions between these states.¹⁵ If state A is more vulnerable to state B than vice versa, then A is likely to anticipate on B's wishes and expected behavior. This has an impact on the costs and benefits state A attaches to different behavioral options in the process of preference-formation. In this situation it is clearly in state A's interest not to upset state B, for the reaction of state B (e.g., retaliation) could seriously damage A's political and economic interests. If state A has a high degree of vulnerability to other states, then it will attach more weight to its external political interest than to its internal interests in the process of preference-formation.

Connecting the Domestic and the International

The preceding sections have focused on the influence of domestic and international variables on preference formation. The domestic and international strands now need to be connected in order to complete the theoretical framework and answer the question under which conditions either domestic or international considerations will be decisive in the process of preference formation. A number of expectations can be derived from the preceding sections.

In the process of preference formation, the expectations on the basis of *domestic* variables are that:

- the lower the internal polarity, the more importance a State will attach to its internal interests relative to its external interests;
- the higher the internal polarity, the more importance a State will attach to its external interests relative to its internal interests;
- the higher the levels of societal resources and unidirectional mobilization, the higher the domestic political costs and benefits society can confront the government with and the more likely a State is to take account of its domestic political interest;
- the greater a government's sensitivity, the more importance a State will attach to its domestic political interests.

In the process of preference formation, the expectations on the basis of *international* variables are that:

- the lower the external polarity, the more importance a State will attach to its external interests relative to its internal interest;
- the higher external polarity, the more importance a State will attach to its internal interest relative to its external interest;
- the greater a State's vulnerability vis-à-vis other states, the more importance it will attach to its international political interest.

¹⁵ In the area of international trade for example: If state A exports a large part of its products to state B and state A has no alternative export markets, then state A is *vulnerable* to state B (Keohane and Nye 1989:12-13).

These expectations can be summarized in a causal model, presented in Figure 1.

Combining the theoretical expectations based on the structural variables of internal and external polarity yields four possible combinations (Table 3). Box B—low internal polarity and high external polarity—depicts cases in which the State is confronted with relatively weak external constraints and strong internal constraints. This leads to the expectation that internal considerations will be decisive. Box C – high internal polarity and low external polarity – depicts cases in which the State is confronted with strong external constraints and relatively weak internal constraints. This generates the expectation that external considerations will be decisive. In cases in boxes A and D, the structural variables do not allow for clear-cut expectations on the primacy of either domestic or international considerations. I expect that in these cases, the intervention of process variables will be decisive in tilting the balance towards either international or domestic considerations. Decision making in Box A takes place under loose constraints. The high external polarity allows for domestic politics to be taken into consideration, but the high internal polarity takes away the necessity for the State to do so. Decision making is particularly difficult in cases in box D, as both internal and external considerations have to be taken into account here. The State will have to seek a compromise, which is likely to result in a long and tardy process of preference formation.

French and German Preference Formation on International Agricultural Policy

This section will provide a preliminary empirical test of the theoretical framework elaborated above. Four cases will be studied, one from each box. By selecting France and Germany, variation on the variable of internal polarity is established. Internal polarity in Germany is relatively low.¹⁶ The degree of

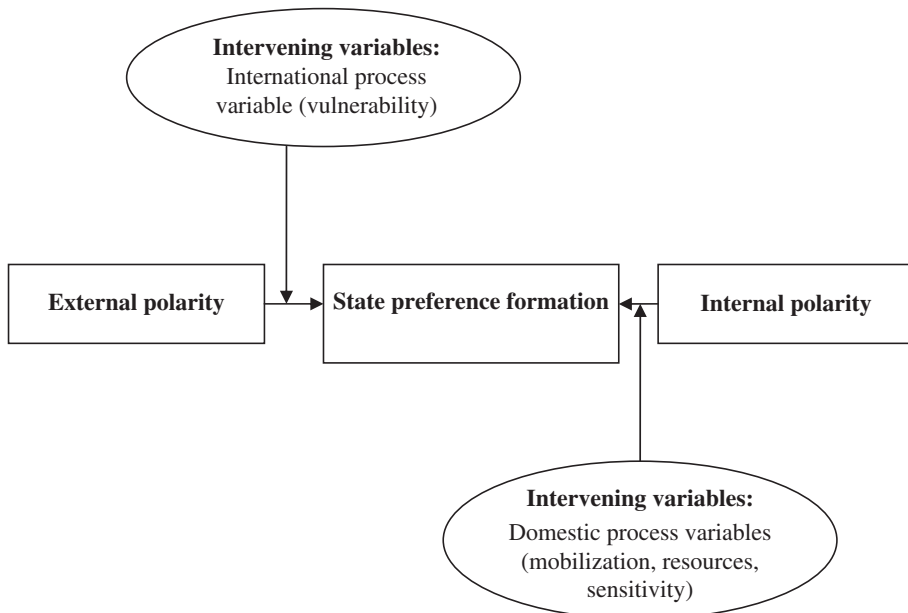


FIG. 1. Causal Model.

¹⁶ In this article, "Germany" refers to the Federal Republic of Germany until 1990 and includes the ex-GDR from 1991 onwards.

TABLE 3. Internal Polarity, External Polarity, and State Preferences

		<i>Internal polarity</i>	
		<i>High</i>	<i>Low</i>
<i>External polarity</i>	<i>High</i>	A No decisive effect of either domestic or international considerations: process variables gain in importance	B Domestic considerations will be decisive
	<i>Low</i>	C International considerations will be decisive	D No decisive effect of either domestic or international considerations: process variables gain in importance

centralization of power in Germany is low, as it is a federalist state. Its score on Schmidt's index of veto-points is high (5 out of 5) (Schmidt 1993:386–387). Furthermore, in the period of the case studies, Germany had a coalition government with a majority in the Bundestag, the lower chamber of parliament. In the Bundesrat, the upper chamber of parliament, the government had a stable majority until 1990 and a minority or very small majority from 1990 onwards (Saalfeld 2005:64). Executive–legislative relations are therefore characterized by an executive–legislative balance until 1990 and are legislative dominated from 1990 onwards. Finally, Germany is characterized by a high institutionalization of interest mediation. Different indices of corporatism agree on the presence of modest to strong corporatism in Germany (Siaroff 1999:180–184). In contrast with Germany, the French unitary state is highly centralized. France's score on Schmidt's index of veto-points is 0 out of 5 (Schmidt 1993:386–387). Nevertheless, between 1986 and 1988 and from 1993 onwards, *cohabitation* between a Socialist President and a Centre-Right prime minister reduced the centralization of power. Furthermore, the Centre-Right government ruling France between 1986 and 1988 enjoyed a majority in the Assemblée. The Socialist government from 1988 until March 1993 was a minority government and the Centre-Right government from March 1993 onwards was a majority government again (Thiébaud 2004:338). Consequently, executive–legislative relations were balanced between 1986 and 1988, legislative dominated between 1989 and March 1993, and balanced again from March 1993 onwards. Different indices of corporatism indicate a low degree or even an absence of corporatism in France, although the indices are not as much in agreement on the degree of corporatism in France as they are on the degree of corporatism in Germany (Siaroff 1999:180–184). On the basis of Table 2, Germany's score on internal polarity varies between 1 until 1990 and 0 from 1990 onwards (both indicating low polarity) and France's score is 2 (indicating high polarity).¹⁷

Variation on the variable of external polarity is obtained by selecting, for both France and Germany, one preference formation process *before* and one *after* the end of the Cold War. The first case is the 1988 CAP-reform and the second case is the agricultural chapter in the Uruguay Round of GATT-negotiations between 1990 and 1993. The international system from the middle of 1950s up to and

¹⁷ These classifications of France and Germany with respect to their internal polarity correspond with other author's categorizations of state–society relations in these states. State–society relations are generally considered to be society-dominated in Germany (leading to the expectation that domestic groups will be more influential) and state-dominated in France (leading to the expectation that domestic groups will be less influential) (e.g., Katzenstein 1978:323–234; Krasner 1978:58; Mastanduno et al. 1989:470; Risse-Kappen 1991:492, 504; Skidmore 1993:207; Van der Vleuten 2001:87).

including 1989 can be classified as bipolar, with the United States and the Soviet Union being the two superpowers. In the beginning of the 1990s, after the fall of the Berlin Wall and the demise of the Soviet Union, scholars did not agree whether the international system was unipolar or multipolar. On the one hand, Mearsheimer (1990a) and Layne (1993) argued that the political international system was on its way to become multipolar, while Krauthammer (1990) argued that it was unipolar, with the U.S. as hegemon. The period between 1990 and 1993 appears to have been a period of transition, the outcome of which was not yet clear at the time. Since a period of power transition involves high degrees of uncertainty and instability, it most closely resembles what I classified as low external polarity, even though there is no agreement on whether the international system was in fact multipolar or not. Table 4 provides an overview of the cases and how they are classified with respect to internal and external polarity.

On the basis of the theoretical framework, it is first of all expected that Germany will be more guided by internal considerations than France. Furthermore, the expectation is that external considerations will gain relatively in importance in the period 1990–1993, compared to the period before 1990. For each of the cases respectively, I will shortly elaborate on the consequences of the proposed policies for the state's interests (political, economic, ideological), and on variations in the process variables during the decision-making process. Subsequently, the preferences defended by France and Germany in the international arena will be described, and in conclusion an analysis is provided of these preferences in the light of the relative influence of internal and external considerations.

The 1988 CAP-Reform

In June 1987, the European Commission proposed a package of reforms aimed at safeguarding the financing of the EC-budget. An important part of this package was the introduction of the so-called stabilizers, which imposed a ceiling on agricultural expenditure. This was deemed necessary, because the production quota, introduced in 1984, did not sufficiently limit agricultural expenditure to prevent budgetary problems.¹⁸ It took the Council of Ministers until February 1988 to reach agreement on the package of reforms.

German Interests and Preferences

There was a considerable amount of external political and economic pressure to reform the CAP. The Commission exerted intense pressure on the member states to agree to the proposed CAP-reform, repeatedly pointing at the continuing budgetary deficits which were mainly caused by agricultural expenditure. CAP-reform simply was a necessity. The United Kingdom (UK) and the Netherlands supported the Commission plans and tried to convince other member states to accept the proposals (de Groot 1997:158). Domestically, however, societal pressure in Germany was mostly mobilized against the Commission proposal

TABLE 4. Internal Polarity, External Polarity, and the Four Cases

		<i>Internal polarity</i>	
		<i>High</i>	<i>Low</i>
<i>External polarity</i>	<i>High</i>	France: CAP-reform 1988	Germany: CAP-reform 1988
	<i>Low</i>	France: Uruguay Round 1990–1993	Germany: Uruguay Round 1990–1993

¹⁸ When production was to exceed a certain threshold, stabilizers would become operative, lowering the support prices with the same percentage as the excess production (de Groot 1997:141).

of introducing stabilizers. The *Deutscher Bauernverband* (DBV) categorically rejected the price reductions that the stabilizers were likely to give rise to and showed itself in favor of reducing the quantity of production instead, as well as setting aside land for this purpose (Deutscher Bauernverband 1988:23). The stabilizers did not fit in well with the German idea of agricultural policy either, which focused on farm support through the price mechanism (Lemaitre 1987; Scotto 1987). High farm prices were indispensable for the price mechanism to generate sufficient income for German farmers. The stabilizers were thus both politically and ideologically costly for the German government. Furthermore, elections were scheduled for Baden-Württemberg and Schleswig-Holstein in September 1987, two Länder in which the farm vote was considered to be of importance (Elliott and Heath 2000:44–45). Chancellor Helmut Kohl feared these elections would damage the majority of the coalition parties in the Bundesrat (Attali 1995:426), and he warned Minister of Agriculture, Ignaz Kiechle, that these elections were important.

Germany was the only member state that categorically rejected the Commission proposals (de Groot 1997:155). It rejected the stabilizers and submitted a wholly different proposal, which came down to national quota and national financing of support when these quotas were exceeded. Furthermore, Germany, together with France, proposed to introduce a set-aside scheme, as an alternative to the system of stabilizers (de Groot 1997:155). Set-aside would limit production, which would eventually result in a decrease in expenditure on agriculture. This would be far more desirable than price cuts. At the European Council meeting in Copenhagen, December 1987, Germany blocked the negotiations, because the Commission had not submitted proposals on set-aside. During its own presidency of the European Community, starting January 1988, Germany succeeded in getting a set-aside scheme accepted. Although set-aside eventually was not introduced as an alternative for, but in addition to the system of stabilizers, the high ceilings for expenditure combined with the set-aside limited their effects.

The German position defended in the international arena was in accordance with the preferences of the German farmers. Their pressure appears to have been effective, and the sensitivity of the German government due to the two Länder elections positively affected the societal influence. We may conclude that the German farm organization influenced German preference with regard to the 1988 CAP-reform (see also Hendriks 1991; Patterson 1997; Elliott and Heath 2000). Domestic considerations turned out to be more important for the German government than international considerations.

French Interests and Preferences

Just like Germany, France was confronted with pressure from the Commission and several member states to agree to the proposed CAP-reform. It found an ally in Germany though, as both were interested in undermining the system of stabilizers. However, the German emphasis on limiting production and introducing set-aside did not correspond to the wishes of the French farmers and their idea of agricultural policy (Fouilleux 1996:62–65). The farmers protested against the Commission proposals and against any European agricultural policy that was budget-driven (Banzet 1987). A complicating factor for the French government were the presidential elections which were to be held in March 1988. According to Attali (1995:426), the French government would not easily be able to make concessions.

In the negotiations in the Council of Ministers, France did not reject the Commission proposals altogether, but aimed at limiting the effects of the stabilizers. To that end, it proposed that the thresholds for production beyond which guarantee prices would be reduced, be introduced for a range of products together instead of per product (de Groot 1997:143). This would allow excess production

of one product to be leveled out by other products, for which the production had remained below the threshold. Together with Germany, France also proposed an initiative of optional set-aside. Eventually, France agreed to both the stabilizers per product and to set-aside, even though the Commission proposals on set-aside did not permit extensive cattle breeding on the land that was taken out of production, which France had desired (de Groot 1997:158). The farmers opposed the agreement on CAP-reform their government consented to and were angry at Farm Minister François Guillaume, because he had introduced the proposal for set-aside in the negotiations (Fottorino 1988:1).

The French position taken in the negotiations in the Council of Ministers was not in accordance with the wishes of the French farmers. The government's efforts to minimize the effects of the stabilizers were not contrary to the French farm interests, but the farmers had wanted the government to reject the Commission proposals altogether. Furthermore, the government proposed a set-aside scheme, even though the French farmers strongly opposed the idea of set-aside or any other kind of production-limiting policies. Even if one takes into account the possibility that the French government supported the set-aside proposal in order to strengthen the Franco-German alliance against the stabilizers and to create a bargaining chip which could be exchanged for concessions by others, still the choice for the set-aside proposal indicates that farm pressure had no decisive impact on the government. References to the government's "tied hands," due to the presidential elections, were aimed at gaining concessions from other states in the negotiations, but cannot be regarded indicative of societal influence.

The Uruguay Round between 1990 and 1993

Within the Uruguay Round of GATT-negotiations (1986 and 1993) agriculture was an important issue. Particularly between 1990 and 1993, substantial proposals and potential accords on the agricultural aspects of the Uruguay Round were discussed. In the autumn of 1990, the European Commission proposed an agricultural offer in the run up to the GATT ministerial conference in Heysel, which the Council of Ministers had to approve. The Heysel conference, originally intended to finalize the GATT-negotiations, turned into a debacle however, and it took until November 1992 for the European Commission and the U.S.-government to reach a compromise on agriculture: the Blair House Accord. However, this compromise was not acceptable to all member states. After additional negotiations and concessions, both the U.S. and all European member states could agree on a deal on agriculture that introduced several changes to the Blair House Accord in December 1993.

German Interests and Preferences

Between 1990 and 1993, the EC was under intense external pressure from other GATT-members, particularly the United States and the so-called CAIRNS-group of cereal-exporting states, to liberalize agricultural trade (*Europe* 1990a:10, 1990c:12). Within the EC, however, France tried to convince Germany to persist with its tough stance regarding the agricultural issue. Germany thus found itself in a difficult position, since it, on the one hand, highly valued the Franco-German axis in the process of European integration, but, on the other hand, also attached great importance to its relations with other trading partners, like the U.S. (*Bulletin* 1987a:139-143). Moreover, by the end of 1991, it became increasingly clear that Germany's overall economic interest was better served by a swift and successful conclusion of the Uruguay Round. Beneficial agreements had been reached on many non-agricultural topics (CDU/CSU/FDP 1991:12; Paeman and Bensch 1995:195), and due to the so called "globality" of the negotiations,

the concessions made by trading partners on these non-agricultural issues would not materialize until agreement was reached on the outstanding issues, among which agriculture. Since Germany, as an important exporter of industrial goods, would economically benefit from these concessions, it became increasingly costly to continue prioritizing particularistic agricultural interests, which blocked an overall GATT-agreement. Furthermore, as time went by, the U.S. threatened to prioritize bilateral cooperation if the GATT-negotiations were to collapse (GATT-Verhandlungen 1991; Gegenschlag aus Amerika 1991). This could seriously damage the multilateral trade regime, the importance of which Germany had repeatedly emphasized before and during the negotiations (e.g., *Bulletin* 1987b:512–513). We may conclude that, particularly from 1991 onwards, both the German external political and particularly its economic interests were increasingly served by flexibilizing the European offer on agriculture, which enhanced the chances of successfully concluding the Uruguay Round.

Domestically, nevertheless, German farmers demanded protection and mobilized pressure against a far-reaching European agricultural offer in 1990 and against the Blair House Accord in 1992. In 1991 industrial interest groups also stepped up their pressure on the government to make concessions on agriculture in exchange for concessions of trading partners on industrial trade (Patterson 1997:153). The mostly unidirectional mobilization against agricultural concessions in 1990 had made way for a multidirectional societal mobilization in 1991. Furthermore, the German government was facing the first all-German elections in December 1990. Governmental sensitivity was therefore high, particularly taking into consideration that farmers were generally considered an important source of support for the government coalition of CDU, CSU and FDP (Weiss 1989:80–81).

With respect to the negotiations on the European agricultural offer for the Heysel conference in the autumn of 1990, Germany staunchly defended the German agricultural interest in the Council meetings (*Agra Europe* 1990:3; *Europe* 1990b:7; Swinbank and Tanner, 1996:78). It rejected the Commission proposals for a 30% cut in agricultural support. By the end of 1991, however, the German Cabinet decided to opt for flexibilization of the agricultural offer. The German preference ordering had changed: a successful conclusion of the GATT-negotiations was now prioritized over defending particularistic farm interests. In accordance with these priorities, Germany also accepted the Blair House Accord agreed to by the European Commission and the U.S. in November 1992, despite fierce French protests against this deal (*Bulletin* 1992:1151). In August 1993, however, Chancellor Kohl made a statement to the press – after a meeting with the French president François Mitterrand – indicating that Germany also had problems with the Blair House Accord (Webber 1998:52). Although German government officials went out of their way to convince their negotiating partners that the German position on Blair House had not changed, Kohl now instructed the German negotiators to concede to the French as much as possible, however, without jeopardizing the Uruguay Round. This resulted in German support for the French demand of “clarification” of the Blair House Accord in September 1993, which eventually resulted in partial renegotiations, leading to an overall GATT-deal in December 1993.

Until the end of 1990, the position defended by the German government reflected the demands of the German farm lobby. The German demand for flexibilization of the European agricultural offer in 1991, however, and its acceptance of the Blair House Accord in 1992, appear to have been instigated by external considerations. The process variables of the degree of societal mobilization and governmental sensitivity explain why the German government chose to prioritize its internal political interests in 1990, but not in 1991 and 1992. In 1990, the upcoming parliamentary elections and the unidirectional societal

mobilization against agricultural concessions, made the policy option of a far-reaching agricultural offer extremely costly, whereas an absence of both unified societal mobilization and crucial elections enabled the government to prioritize a successful conclusion of the Uruguay Round over protecting particularistic farm interests in 1991 and 1992. In 1993 though, Germany indirectly protected farm interests again, by supporting the French demands for "clarification" of the Blair House Accord. Nevertheless, it is striking that this time, these preferences do not seem to have been driven by domestic pressure of the farm lobby, but by external political pressure exerted by France.

French Interests and Preferences

Similar to Germany, France faced the political pressure from GATT-members and the European Commission to liberalize agricultural trade. By the end of 1991, even German support was failing and France became increasingly isolated within the EC. It was also feared that the discord within the EC (particularly between Germany and France), would have repercussions on the process of European integration. Regarding the French economic interests, a GATT-agreement would arguably be beneficial for the overall economy, although an agreement would be relatively more favorable to an industrial exporting state like Germany. However, France repeatedly downplayed the agreements reached on non-agricultural issues, as well as the benefits an overall GATT-deal was likely to provide (Coded message from the Dutch permanent representation in Brussels to the Dutch Ministry of Foreign Affairs, 8.12.1992). With respect to France's external ideological interests, accepting a far-reaching agricultural offer and giving in to U.S. demands were costly policy options. France's *vocation exportatrice* regarding agricultural products (cf. Fouilleux 1996:52), and its inclination for interventionist policies were at stake as the proposals denied the "right" to export, making potential exports increasingly dependent on relative competitiveness and the operation of the market mechanism. Furthermore, giving in to U.S. demands and accepting deals more favorable to the U.S. than to the EC, could jeopardize the role France saw for the EC as a counterweight against the U.S. (cf. Guyomarch, Machin, and Ritchie 1998:40–43). The only ideological consideration supporting readiness to compromise was the importance France attached to the Franco-German axis (cf. Delorme 1994:42).

Domestically, the variable of internal political pressure was nearly a constant. Farmers protested against a far-reaching European agricultural offer and against flexibilization of this offer at later stages in the negotiations. Although societal mobilization of other groups (e.g., industrial groups) in favor of concessions in the agricultural negotiations in order to arrive at a successful GATT-deal had increased somewhat by the end of the Uruguay Round, societal pressure mainly supported the French farmers. Furthermore, the sensitivity of the socialist government was considerable in the autumn of 1992. The French government had only narrowly escaped a no-vote in the referendum on the Treaty on European Union in September 1992. In addition, parliamentary elections would be held in March 1993, and the governing Socialist party did not do well in the polls.

Between 1990 and 1993, France continuously stalled decision-making in the EC on flexibilization of the agricultural offer. In 1990, France rejected the Commission's agricultural proposal for the Heysel conference. In 1992, France objected to the Blair House Accord, threatening to use its veto-power if necessary (Noblecourt 1992:1). Finally, in 1993, France demanded "renegotiation" of the Blair House Accord. This resulted in a new Accord in December 1993, which France accepted, even though the material changes appeared to be minimal.

With the exception of the acceptance of the final deal in December 1993, the preferences defended by France coincide with the demands of the French farm organizations. At the same time however, these preferences are in line with the

French external ideological interests, though less with its external political interests from 1991 onwards. The question that needs to be answered now is whether the French government acted on the basis of domestic political considerations or on the basis of external, mainly ideological considerations. I would argue that the French government based its actual preferences on external considerations and used the societal mobilization to support their “tied hands” strategy as a means to gain maximal concessions from its partners. The chances of effective farm influence appear to have been small for two reasons. First of all, the relations between government and farm organizations had deteriorated between 1991 and 1993. Agriculture Minister Louis Mermaz agreed to CAP-reform in 1992, against the demands of the farm organizations and without informing or consulting them (Fouilleux 1996:56–59). He perceived CAP-reform as a means of strengthening the position of the EC in international negotiations (Grosrichard 1991:21). Strengthening the leverage of the EC at the international level seemed more important to him than satisfying the farmers. The farm organizations were aware of their lack of influence and deemed it necessary to establish contacts with other Ministries (Fouilleux, 1996:62–65). Secondly, decision-making with respect to the GATT-negotiations took place at the upper echelons of the executive during this period, limiting the access of the farm organizations (Epstein 1997:361).

Contrary to internal political considerations, external considerations *do* explain French preferences, including the acceptance of the final deal. In 1991 and 1992, France’s *vocation exportatrice* and the role of the EC as a counterweight to the U.S. were at stake. Although the final agreement reached in December 1993 was still likely to damage French exports, the agreement was less costly than the previous proposals. It was clear this agreement was “as good as it gets,” and the only alternative was no agreement at all, which would leave France worse off. French opposition against the agreement would also have repercussions on the Franco-German axis, and it would risk a European crisis (Webber 1998:52). Rejecting the agreement became increasingly hard to defend internationally. Finally, the French government appears to have been confident that the final deal – even though the material changes relative to the Blair House Accord were minimal and certainly not sufficient to meet the demands of the farm organizations – could be defended domestically. The cuts in export subsidies had been decreased and the U.S. had made concessions. The government could therefore claim that it had resisted U.S. pressure and that the French *vocation exportatrice* had not been squandered. France, indeed, took every opportunity to emphasize how much it had won in the negotiations (e.g., Ministère de l’agriculture et de la pêche, 1994).

Conclusion

The investigation in German and French preference formation with regard to the 1988 CAP-reform and the agricultural part of the Uruguay Round of GATT-negotiations between 1990 and 1993 has shown differences in the relative influence of internal and external considerations. German resistance against the CAP-reform proposed by the Commission was based on domestic considerations, reflecting the wishes of the German farm organizations. France also seemed committed to protect the interests of its farmers and tried to undermine the proposed system of stabilizers to that end. However, the fact that it (together with Germany) introduced and finally accepted set-aside—a policy the French farm organizations fiercely opposed—shows that the French farm groups had no decisive impact on their government during the negotiations. With respect to the agricultural part of the Uruguay Round between 1990 and 1993, the German government, confronted with domestic mobilization against compromising on

the agricultural chapter and facing parliamentary elections in December 1990, first succumbed to domestic pressure. From 1991 onwards, however, in the absence of unified societal mobilization and crucial elections, Germany prioritized external political and economic considerations and agreed to agricultural concessions. The preferences defended by France between 1990 and 1993 largely coincided with both the demands of the French farm organizations and the incentives based on external ideological considerations. The investigation has shown that the latter offer a convincing explanation of the French preferences in this period, whereas direct evidence for farm influence is lacking. Taken together, these cases demonstrate how the internal and external intermix and that under conditions of low internal polarity and high external polarity (Germany 1988) internal interests prevail in the process of preference formation, while external interests are prioritized under conditions of high internal polarity and low external polarity (France 1990–1993). The German case between 1990 and 1993 (low internal polarity, low external polarity) convincingly showed the decisive influence of process factors when the expectations based on internal and external polarity point in different directions.

We may conclude that the case studies provide support for the hypotheses derived from the theoretical framework presented in this article. Further rigorous testing of the model will be necessary in order to arrive at more robust conclusions regarding its predictive accuracy. Furthermore, this article specifically focused on the effects of two *structural* variables on the relative impact of domestic and international considerations on middle-power state-preferences, only adding *process* variables as intervening variables. A full-blown theory of preference formation must also come to grips with the role of specific *actors* (e.g., Presidents, [Prime] Ministers) in the policy process. Integrating structural domestic and international variables in one explanatory model seems to be a fruitful direction of research, providing a promising contribution to Foreign Policy Analysis at the frontier where the fields of international and comparative politics meet. The challenge for Foreign Policy Analysts will be to further connect and integrate the different variables systematically, preventing ad-hoc explanations, and striking a good balance between parsimony and predictive accuracy.

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