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It has long been argued that globalization and interest groups have important implications for domestic interests.

First, the creation of a more global market changes the balance of power between interests. The relative scarcity or abundance of different factors of production may change as a previously domestic market becomes global.¹ For example, the power that landowners enjoyed in places in which land was scarce (Britain) was diminished as new lands were opened by conquest and colonization in the Americas and Australasia.

Second, globalization may increase the structural power that certain interests enjoy; relatively scarce factors of production such as capital or highly skilled labor may require more favorable treatment from government without which they may relocate to places that tax them less and subsidize them more. This argument is often used as the basis for warnings of the dangers of a “race to the bottom.” Countries will reduce the stringency of regulations or the level of taxes on business in order to keep or to attract capital.

Third, globalization changes preferences. Groups that confront a newly globalized market may change their preferences about public policy. Farmers who see new opportunities in overseas markets may become less supportive of domestic programs that limit their production and, by raising the prices they obtain for goods, reduce their ability to succeed in overseas markets.

Fourth, internationalization may change the venue for decision making from an institutional setting domestically that favors one set of interests to an international setting that favors another.

¹ Ronald Rogowski *Commerce and Coalitions: How Trade Affects Domestic Political Alignments* (Princeton: Princeton University Press, 1989.)

The most celebrated examples are claims that the World Trade Organization and its precursor, GATT, have undermined American policies to protect dolphins and sea turtles that enjoyed strong support in Congress.

These important and stimulating claims should be treated more as plausible hypotheses than as established truth, however. The political consequences of shifts in the relative balance of economic power interests enjoy are less certain than suggested above. While the British landed aristocracy proved to be highly resilient politically playing a major role in British government long after the development of the Americas and Australasia had supposedly weakened it severely. Similarly, it is far from clear that even the most apparently mobile of factors, capital, roams the world as easily in quest of favorable treatment as the conventional accounts of globalization suggest. Decisions on direct foreign investment are influenced by many aspects of public policy beyond merely lowering tax rates or slackening regulations. As Garrett has argued², businesses may decide that higher taxes are worth paying if they are used to produce, *inter alia*, a healthy, skilled and highly productive workforce. We are far from having attained an integrated global financial market; most investment funds in advanced economies originate domestically and, even allowing for the actual or potential impact of exchange rate fluctuations, interest rates differ markedly from one country to another which should not occur in an integrated market. Finally, as we shall see later, while a few rulings of international organizations such as the WTO have challenged domestic regulations, opposition to those rulings has been intense and generally successful. While the forces of globalization and internationalization are undoubtedly significant,

² Geoffrey Garrett *Partisan Politics In The Global Economy* (Cambridge: Cambridge University Press, 1998.) See also Robert Wade, "Globalization and Its Limits: Reports of the Death of the National Economy Are Greatly Exaggerated" in Suzanne Berger and Ronald Dore (eds.) *National Diversity and Global Capitalism* (Ithaca: Cornell University Press, 1996.)

they are not necessarily victorious.

The United States and Globalization

There are several reasons why globalization might affect countries differently. Most obviously countries occupy different positions in the global economy and power structure. Economic doctrines about world trade have been welcomed or opposed according to their anticipated consequences for the country in question. Traditionally, dominant economic powers (Britain in the mid nineteenth century, the USA after World War II) embraced free trade while industrializing countries such as the United States and Germany in the nineteenth century have resisted free trade believing that it advantages established economic powers at the expense of their “infant industries.” Similar fears were used in the late twentieth century to justify import substitution strategies in Latin America. We might expect to find a similar debate about which countries benefit from globalization the most and of course we do. Yet we should not assume that even generally similar countries will be affected or will respond identically to the common experience of globalization. In his studies of the impact of oil shocks on advanced industrialized democracies, Gourevitch established that a single global event had different results in different countries as it was refracted through the prism of domestic politics and institutions.³ We might suppose that the consequences of globalization will similarly differ from country to country.

How might the United States differ from other countries in its experience of and response to globalization and how might those differences affect its interest groups?

The United States might be expected to experience modest consequences from globalization and internationalization for three reasons.

³ Peter Gourevitch *Politics in Hard times: Comparative Responses to International Economic Crises* (Ithaca: Cornell University Press, 1986.)

First, although the impact of trade on the economy measured in the conventional way (imports plus exports as a percentage of GDP) has increased rapidly, the United States is regarded as only modestly globalized. A recent study for *Foreign Policy* placed the USA twelfth on a scale of countries according to the degree to which they are globalized.⁴ It is not surprising that this should be so. Academic writers have long noted that much of the increase in international trade is intra regional, as, for example, when members of the EU trade more with each other. As something approaching a region in its own right, the United States is less likely to show up highly on scales of globalization than smaller economies with higher trade dependency ratios.

Second, the United States is widely regarded as the model which other countries will be forced by globalization to approximate. Its minimal welfare state, high degree of labor market flexibility due to the weakness of union and workers' rights and ready acceptance of market forces is often seen as the type of political economy most adaptive to globalization. This belief has been supported by the rapid economic growth and high rates of employment that the United States has experienced during the era of globalization. It is the economies with strong unions, entrenched workers' rights, high taxation and generous welfare states that are commonly seen as likely to be faced with difficulties arising from globalization. Unions and strong regulations add to production costs; regulations to protect workers reduce the ability of businesses to adapt rapidly to the changing market conditions characteristic of a globalized economy. With weak unions and limited regulation governing employment (outside the areas of affirmative action), the United States is well positioned to cope with globalization, and has generally been seen as in less danger from globalization than countries such as France and Sweden.

Third, the United States may enjoy certain immunities from internationalization and globalization as a consequence of its hegemonic role. This role may be less strong in the

⁴*Foreign Policy* 2000

international sphere than it was prior to the collapse of the Bretton Woods system, an era in which other countries were in effect required to accept either American goods (thus avoiding an American trade deficit) or American money (if there was.) Yet even today, the role of the United States as creator and guarantor of the international system gives it certain privileges. Other countries have been notably hesitant about pressuring the United States to comply with rulings by international bodies that have gone against it, even when the United States has been instrumental in creating those organizations in the first place. Sometimes other countries even hold back from bringing cases against the United States that they know they can win. The European Union even pulled back from bringing a strong case against the United States in the World Trade Organization (WTO) over the Helms/Burton legislation which, in attempting to create an effective blockade of Cuba, clearly violated international trade law. The EU knew that the costs to the WTO of American domestic antagonism would be excessive. As we shall see below, when the United States loses in the WTO, it does not necessarily change its policies to come into compliance with a ruling.

On the other hand, the United States is also expected to accept responsibility to a greater degree than any other country for the maintenance of the international order. From the early days of the Cold War to Kuwait, this has been evident in the security sphere. The United States has been the linchpin of military alliances. While the exact degree to which this role was based on self interest and to what degree on idealism is debated fervently, there can be no doubting the impact of this role on American politics. This impact has been felt at almost every level, from changing the political geography of the country by creating employment in defense industries to the growth of the “imperial presidency” from the Second World war until Watergate. This leadership role has also been evident in the economic sphere. The Clinton Administration rushed to bale out Mexico in 1995 in the face of Congressional opposition and at one of Clinton’s lowest moments politically. The Federal Reserve had to balance the impact of rate changes on the fate of Asian currencies

against what it saw as the needs of the American economy. The W Bush Administration has claimed that it will be less ambitious in attempting to be the manager of the global economy; we shall have to see whether it follows this policy when a crisis approaches.

Globalization and the Changing Balance of Power Between Interests

How has the balance of power between interests in the United States been affected by globalization? The most likely possibility is that labor has been weakened by globalization with a corresponding shift in power to business. Foreign competition has taken market share and therefore jobs in highly unionized industries such as steel or automobiles. The successful attempts by American industry to increase efficiency to match foreign competition cost further jobs and encouraged employers to adopt a more adversarial approach to unions.

Yet it is far from clear that the undeniable decline of unions in the economy has translated into a corresponding decline in the political role and power of unions. Far from fading from the political scene, organized labor has been more visible and active in the era of globalization than ever both as a lobbyist and as a participant in elections. It is arguable that since the Democrats lost control of Congress and some of the corporate campaign contributions that were dependent on that status, they have been more dependent than previously on support from organized labor. Yet in spite of the increased political activism of labor, this has been an era in which business has enjoyed an apparent shift of power in its favor, a shift that has gained momentum with the advent of the W administration. Pro business policies enjoy a degree of popular, intellectual and even moral support that has not been matched since the 1920s; proposals to limit, tax and regulate business correspondingly experience a lower level of support than in any era since the New Deal. How far these changes reflect globalization is of course difficult to say. Concern about attracting or keeping business investment, the core of the “privileged position of business” argument, has been found

more at the state and local than federal level.⁵ Even there, much of the concern about attracting or keeping investment has focused more on the risks of losing investment to another location in the United States than overseas; a significant proportion of businesses move each year to another location within the United States in search of lower costs. Indeed, at the national level, pride in the economic success of the United States has diminished concern about the danger of losing investment to other countries: as Vogel predicted⁶, in this respect at least the economic success of business weakened its influence over policy. Yet at least until the collapse of the stock market, the tendency has been for business to manifest greater influence and other interests less. Business increased its contributions to political campaigns, particularly through the growth in soft money. Business claimed a larger proportion of the population as its natural supporter as the proportion of households owning stocks directly increased.

Perhaps even more importantly, the proportion of the private sector workforce belonging to unions fell to 9%, its lowest level since before the New Deal. Was the decline of organized labor related to globalization? It is tempting to link the shrinkage of employment in industries such as steel and automobile manufacturing to either the loss of market share to foreign competition or to measures to promote efficiency to deal with that competition. Some of the decline, however, could also result from domestic competition and technological change. Striking the balance between the two is difficult. None the less the decline of organized labor has been one of the most striking changes in the interest group system of the United States in recent times. Unions have been the most important source of support for liberal and moderate Democrats. Their contributions to both

⁵ Charles E. Lindblom *Politics and Markets* (New York: Basic Books, 1977.)

⁶ David Vogel *Fluctuating Fortunes: The Political Power of Business in America* (New York: Basic Books, 1989.)

Presidential and Congressional campaigns by far outweigh those from other interest groups; their decline therefore has profound implications for U.S. politics in general and interest group politics in particular. Whether the public interest group movement with its greater capacity to appeal to professional class supporters but handicapped by a much less stable membership base than unions will be as serious an opponent for business as labor remains to be seen.

Changed Definitions on Interests

It has often been remarked that political scientists too often regard the issue of what is in an interest group's interests as unproblematic. In fact, interest groups are often faced with a puzzle about what might be in the best interests of either the organization itself or their members. For simplicity, I make the assumption that may or may not be warranted that interest groups promote the interests of their members. How those interests are best served is, however, problematic and likely to change as circumstances change.

It is now taken as obvious that labor unions are opposed to trade liberalization. The AFL-CIO and its affiliated unions provided the core of the opposition to ratifying the North American Free Trade Agreement (NAFTA). Labor campaigned hard against granting trade negotiating authority ("fast track") even to a Democratic President, Bill Clinton. It has provided much of the material support for the campaigns against the World Trade Organization (WTO) including the protests in Seattle and Washington DC. Yet unions were not always opposed to trade liberalization. Indeed, in the 1960s George Meany himself appeared before Congressional committees to support trade liberalization so long as funds were provided for retraining workers who lost their jobs because of foreign competition.⁷ Why did unions change their position? The most obvious and adequate explanation is that from the early 1970s onwards, foreign competition devastated the industries which were the bedrock of union strength in the USA. Industries such as

⁷ Graham K Wilson *Unions in American National Politics* (London: Macmillan, 1979.)

steel, automobile and

heavy machinery manufacturing including such familiar names as Chrysler and John Deere survived only by cutting employment drastically. Ironically, several of the industries that took the heaviest hits such as automobile manufacturing and steel were the base for more progressive unions which had been more inclined to support trade liberalization in the past.

Employers in the apparel industry moved in the opposite direction. The textile and apparel industries had long been united and the bedrock of opposition to trade liberalization. As classic studies of lobbying such as Bauer, Poole and Dexter's record⁸, the textile and apparel industries had long been vigilant and energetic in their opposition to trade liberalization unless their sector was excluded. In consequence, all trade agreements made between the 1960s and the 1990s contained special exemptions for textiles and apparel, notably the Multi Fiber Agreement (MFA) that set limits on the growth of imports. In the 1990s, however, the apparel manufacturers decided that their interests no longer coincided with those of the textile industry. Convinced that the growth of apparel imports was unstoppable (and the MFA was rescinded as part of the last round, the Uruguay Round of GATT), the apparel industry decided that its future was in assembling clothing in low wage, low cost settings such as Mexico and importing them. Important elements of the apparel industry therefore joined the pro NAFTA coalition.

⁸ Raymond Bauer, Ithiel de Sola Pool and Lewis Anthony Dexter *American Business and Public Policy: The Politics of Foreign Trade* (New York: Atherton, 1963.)

The final and more complicated example is farm groups. Globalization came incompletely but early to agriculture. US agriculture was highly dependent on exports from the nineteenth century and in the era since the Second World War has become more so. The ability of American government to protect farm incomes therefore became increasingly circumscribed. Traditional subsidy measures that attempted to raise farm incomes by restricting output were likely to increase opportunities in world markets for foreign farmers whose output was not restricted. Similarly, government programs that raised American farm prices in order to raise farm incomes placed American farmers at a competitive disadvantage; their prices were now higher than overseas farmers'. Starting as early as the late 1940s, farm groups began to back away from traditional subsidy programs.⁹ The American Farm Bureau Federation (AFBF), the interest group most associated with government subsidy programs in the New Deal era, turned sharply against them embracing an extreme free market approach. Other agricultural interest groups moved over a period of several decades into a quest for a means to subsidize agriculture that avoided these problems yet was politically feasible. Such a combination was difficult to find. Moreover, the shift towards freer markets was not stable. The apparently permanent shift away from government programs to support farm incomes in the FAIR Act of 1996 proved to be temporary. A mounting crisis of declining farm incomes soon prompted a sharp turn in policy and "emergency" programs marked a massive increase in expenditure on agriculture programs. None the less, no one, not even the groups such as the National Farmers' Union (NFU) thought that a simple return to tradition farm

⁹ Graham K Wilson *Special interests and Policymaking* (Chichester and New York; John Wiley and Son, 1977); John Mark Hansen *Gaining Access: Congress and the Farm Lobby 1919-81* (Chicago:: University of Chicago Press, 1991); Adam Sheingate *The Rise of the Agricultural Welfare State: Institutions and Interest Group Power in the United States, Japan and France* (Princeton: Princeton University Press, 2000.)

subsidy programs was possible or efficacious.

Changing Decision Points

The third way in which globalization affects interest groups is by changing the locus of decision making. Such changes have considerable potential significance for interest groups because a shift in the locus of decision making will typically have implications for which interest groups are advantaged and which disadvantaged. Two forms of this process can be distinguished.

The first type of change as a consequence of internationalization is in the manner in which decisions are made *within* the United States in response to global commitments or responsibilities. The most obvious example is in decision making on trade policy through the “fast track” procedure. Fast track allowed presidents to make reciprocal trade agreements which Congress promised to ratify or reject within a relatively short and specified period crucially without making any amendments. This process allowed the United States to take the lead in GATT as well as in negotiating NAFTA secure in the knowledge that domestic interests would not be able to complicate or even undermine the process by making amendments to the agreement after it had been negotiated. Another significant example is in the making of economic policy. In the Keynesian era, the crucial decisions were seen as both entirely domestic and the result of interaction between Congress and the President. The system did not work very effectively; the Kennedy tax cut was not approved until a tax cut was the last thing that the American economy needed with inflationary forces growing rapidly. The current practice is for crucial decisions to be made by the Federal Reserve Board which is relatively insulated from domestic pressures but which is in constant contact with its counterparts in other countries and, through the meetings of the G 7, with other governments.

The second type of change is an effective switch of decision making authority from domestic to international institutions. Decisions once made in domestic institutions are now made

in international organizations provoking understandable fears among interest groups. International organizations are generally less subject to influence by domestic interest groups than domestic institutions. In part this results from a Madisonian logic; increasing the size of the unit for which decisions are being made increases the number of interest groups covered, thereby decreasing the likelihood that any one of them will have decisive influence. Another factor that may come into play is that the international organization within which the decision is made may be biased in favor of a set of concerns or interests. This bias may result not from any evil intent but from the very purposes for which the organizations was created. The WTO, for example, was created to promote and preserve liberalized trading conditions throughout the world; it is understandable if it sees competing policy objectives that impede the pursuit of freer trade as less important. Domestic interests may also find that switch of venue to an international organization takes away their carefully developed and nurtured points of access and influence. The key Congressional committee or subcommittee that has been lobbied and showered with campaign contributions for years is replaced by an organization in Geneva that cannot be approached through such techniques.

Interest groups vary in how well they can respond to these changed circumstances. In general, we may suppose, interest groups with the greatest resources are likely to do adapt best. Public interest groups have long complained that they are less able to afford to open head quarters in Washington than are business groups; this comparative disadvantage is even greater in terms of the ability to open and staff operations overseas. Industry groups are therefore more likely to have offices overseas in cities where international organizations are based and to have developed international interest groups to represent their interests than are public interest groups; labor unions fall somewhere in between. Internationalization therefore accentuates the inequities evident in domestic pluralism. Interest groups that have abundant resources are able to promote and defend their interests much better than those with fewer. Schattschneiders' comment that the choir in the pluralist heaven sings with an upper class accent is all the truer internationally. International civil

society is at present composed mainly of business organizations.

It might seem, therefore, that many domestic interests have had good reason to fear internationalization and globalization. Is it really the case, however, that groups such as environmentalists have in practice lost as much ground as we might anticipate?

In practice, attempts to construct domestic policy making procedures insulated from domestic pressures in order to serve foreign policy goals have foundered on the rocky realities of American politics. The history of ‘fast track’ is a case in point. Congress insisted that consultative committees composed of legislators and representatives of affected industries monitor negotiations.¹⁰ Fast track authority was never used to pursue free trade without qualifications. American commitment to free trade in principle was always tempered in practice by a commitment to protect struggling industries. As noted earlier, the textile and apparel industries received special treatment from 1950s. In the 1980s, protection was arranged for the increasing number of American industries unable to withstand foreign competition either through anti dumping measures (steel) or, most ingeniously, through supposedly voluntary agreements with the trade association representing the successful foreign industry (Japanese automobiles.)

These departures from free trade principles have been made not on principle but out of awareness that failure to provide for failing but politically powerful industries might endanger an entire trade agreement. Most of the Special Trade Representatives (STRs) appointed by Presidents have been highly political figures with great experience in domestic politics and far less in international trade; Robert Strauss (former chair of the DNC), Bill Brock (former chair of the RNC) and Micky Kantor are obvious examples; Charlene Barshefsky stood out as the only recent STR with expertise in the field prior to her appointment. This pattern was not accidental.

¹⁰ See I. M. Destler and Peter Balint *The New Politics of American Trade: Trade, Labor and Environment* (Washington D.C.: Institute for International Affairs, 1999.)

The task of the STR was to maximize the reach of liberalizing trade agreements by minimizing the number industries that received special treatment consistent with actually obtaining a majority for the final agreement from Congress. Sometimes this delicate balance required very last minute adjustments. The ratification of NAFTA, for example, was dependent on securing the support of the Florida congressional delegation by making last minute adjustments to protect the barely edible Florida tomato from Mexican competition. Other Congressional votes for NAFTA were purchased with special deals entirely outside the framework of trade policy. The expertise needed to calculate the minimum number of concessions required to secure Congressional approval for a trade pact was decidedly in American politics, not foreign trade. The highly politically aware STRs were aware that they needed to compromise free trade principles in order to obtain approval of the pact they had negotiated.

In one ironical final concession to secure approval of NAFTA, Clinton allowed his fast track authority to lapse. His repeated attempts to revive fast track authority foundered on his inability to secure enough votes from House Democrats; contrary to some recent writings by political scientists, his own party was less willing to entrust him with this power than Republicans. Democratic support for reviving fast track authority could have been increased by promising to attach labor and environmental standards requirements to trade agreements. However, such a provision would have cost more Republican votes than it gained Democratic.

Nothing has distressed public interest groups than decision first by GATT and later by the WTO that several American policies ostensibly intended to protect the environment in fact were Non Tariff Barriers (NTBs) contrary to international trade law.¹¹ Just before GATT was replaced

¹¹ See Richard W Parker “The Use and Abuse of Trade Leverage To Protect the Global Commons: What We Can Learn From the Tuna Dolphin Conflict” *Georgetown International Environmental Law Review* **12** (1999) 3-123; Graham k Wilson “Dolphins and Tuna, Shrimp and Turtles: An American Tale or Policymaking Goes Global?” presented to the Annual Convention of the APSA, Atlanta, Georgia, 1999; Gregory C Shaffer “United States Prohibition of Certain Imports in Shrimp” *American Journal of International Law* **93** 507 (April 1999.)

by the WTO, a GATT panel ruled that American policy to protect dolphins from tuna fishermen was an unacceptable NTB. Dolphins have, at least in the eastern Pacific, the unfortunate habit of swimming in close proximity to tuna; the United States required its own fishermen to adopt dolphin protection measures under the Marine Mammal Protection Act and banned imports from countries that failed to do the same. The Nader organization launched a spirited attack on GATT's ruling.

coined the memorable phrase "It's Gattzilla versus Flipper!" A number of minor skirmishes (for example over a ban on Venezuelan reformulated gasoline that was fairly clearly written to protect American refiners from competition), were followed by another battle over the WTO's ruling against the United States in the shrimp/turtle case. Shrimp/turtle raised similar issues to tuna/dolphin. Shrimp fishermen are likely to drown turtles unless their nets are fitted with turtle exclusion devices (TEDs.) Under the Endangered Species Act, the United States required its own shrimp fishers to use TEDs and banned imports from countries that failed to follow suit. Some of the shrimp exporting countries (such as Bangladesh) are poor, and fitting TEDs was a significant expense for their fishermen. The shrimp/turtle case was seen by American environmentalists, however, as a simple case of an international organization subordinating the protection of an endangered species to the promotion of international trade.

It is not the case, however, that in practice the decisions of international organizations (GATT and the WTO) had nearly the adverse impact that environmentalists feared. In neither case did the United States honor the decision of the international organizations without question. The tuna/dolphin decision required legislation to implement it and legislators did not exactly rush to support Gattzilla against Flipper. Only after the Latin American countries, which had apparently already triumphed in the GATT decision, negotiated a compromise with a coalition of moderate environmental groups did the Congress legislate to bring the United States into compliance with international law. The compromise can be regarded as a triumph for the environmentalists in that it

committed the Latin American countries that had filed the complaint to dolphin protection measures that provided greater protection for the animal than would have existed had the American law never been challenged. The United States has still not complied with the WTO shrimp/turtle decision; an attempt to come into compliance was blocked in US Maritime Court by environmental groups. The outcry about the case has, however, pushed the WTO into a major attempt to establish a dialogue with environmental groups including conferences in Geneva and, more importantly, a ruling by the WTO appeals body that public interest groups have the right to direct access to the WTO and are not, as some third world countries had argued, restricted to making their case via their national governments. Thus the shrimp/turtle case brought about no loss for environmental groups in terms of the substance of policy and major procedural gains.

Agricultural policymaking demonstrated a similar triumph of domestic politics over the forces of globalization.

Far from being swept aside by the international trade policy network, members of the agriculture policy network were adept at finding ways to influence trade policy. In the case of the NAFTA negotiations, agricultural interest groups had numerous opportunities to comment on agreements during and after negotiations. The USTR was required by law to have an Agricultural Policy Advisory Committee and ten ATACs (Agricultural Trade Advisory Committees) evaluated the impact of the agreement on specific commodities. Members of these committees could call on the support of Representatives and Senators from areas where a commodity was produced and found the support they received from legislators superb when needed,¹² as we would expect from American legislators with their emphasis on constituency service. Most importantly, however, Congress retained a final say both over specific agreements and over the decision on whether or not Presidents should continue to have fast track authority. Particularly in the case of NAFTA, this power allowed agricultural interests to extort protectionist concessions in return for the much

¹²David Orden “Agricultural Interest Groups and NAFTA” in Anne O. Krueger (ed) *The*

needed votes of the members of Congress from areas in which trade vulnerable crops (such as citrus fruit and vegetables in Florida) were produced. Orden concludes that

For agriculture, in particular, attaining freer trade with Mexico under NAFTA accomplished only a small percentage of the goals sought eventually through GATT. Progress, to be sure, but at such a rate as perhaps to be negligible unless the agreement with Mexico becomes the prototype for a multilateral trade liberalization in the long run. This is the outcome that protected agricultural interests claim to fear but have so far avoided.¹³

Similarly, the commitment of the Republican leadership to creating a free market in agricultural goods free from the distortions of subsidies and protectionist policies gave way in the case of agriculture to arguments that maintaining the new Republican majority in the House required allowing the Agriculture Committee to develop a series of extremely expensive “emergency” measures to compensate farmers for falling prices with increased subsidies. The growth of the Republican Party in the South had placed in charge of agricultural policy in the House legislators from a region traditionally supportive of a larger government role in agriculture as opposed to the traditionally more market orientated Republicans from the Midwest who had shaped Republican policy in the past. The new Republican agricultural leadership argued successfully that securing majorities for key Republican policies in the short term and an overall Republican majority in elections thereafter required treating agriculture as a special case.

Political Economy of US Trade Policy (Chicago; University of Chicago Press, 1996.)

¹³ Ibid p 381.

The wording of the FAIR Act insures that Congress will have to pass further legislation by the end of 2002 when the FAIR Act expires; otherwise the original New Deal legislation, which everyone agrees is totally unworkable, would come back into force. All the signs are that Congress is already moving towards restoring, not ending, farm subsidies, even while the Republican, pro free market majority still has a majority in the House. In 1998 and 1999, Congress provided over \$14 billion in additional “emergency” aid to farmers as prices fell. The conservative *American Spectator* complained that “Nothing better symbolizes the collapse of Republican principles than the multiple farm bailouts Congress has passed since July [1998.] Agricultural subsidies are sky rocketing and the 1996 Freedom To Farm Act - ritually invoked as a triumphant achievement of the Republican Revolution may soon be....in ruins.”¹⁴ In 1999, farm subsidies were estimated to cost \$14.4 billion, double the amount spent prior to the adoption of FAIR in 1995.¹⁵ The old agricultural policy network was, in short, as adaptive to disruption from domestic political actors (Republican Party leaders with an ideological antipathy to farm subsidies) as it was to disruption from internationalization. Perhaps the explanation was similar.. As Orden, Paarlberg and Roe argue,

¹⁴ James Bovard “Freedom To Farm Washington” *American Spectator* Vol 33 No 11 (November 1998) p 72.

¹⁵ John Carey “Let the Markets Do Their Job” *Business Week* 28 June 1999.

A...it was the relatively large numbers of House Republicans who still cared about farm programs, together with the relatively small savings that agricultural cuts could provide, that finally persuaded the House leadership to yield (including even Majority Leader Dick Armey, earlier the most vocal of opponent of farm programs in the entire Congress.) House Republican leaders knew the real budget battle of 1995 would take place over the much larger issues of tax cuts, welfare and health care entitlements. To win this larger partisan battle, every single rank and file Republican vote would count. This gave Roberts and the farm district Republicans that he rallied the leverage they needed to face down the Budget Committee and save farm programs (plus a variety of agribusiness subsidy programs) from the cuts for which Lugar was calling in the Senate.¹⁶

Just as the USTR was forced to take agricultural interests into account in the dealing that preceded Congressional approval of NAFTA and the Uruguay Round, so Speaker Gingrich needed to defer to Representative Roberts, chair of the House Agriculture Committee, to secure votes for his overall budget proposals. Whether this should all be regarded simply as a triumph for agricultural interest groups is debatable. After all, the AFBF, as we have seen, has argued that it would be better for American farmers if they were indeed freed from government interference in their markets. Most agricultural interest groups, however, have rejected the AFBF's extreme pro market positions and would regard what happened as a victory for agricultural interests. In all events, the vast majority of agricultural interests which favor them have been able to preserve the value of subsidies, contrary to the alleged preferences of the United States for liberalized trade.

Conclusion

Globalization and internationalization have had modest direct effects on American

¹⁶ Orden, Paarlberg and Roe, p 182.

government. In cases of clear conflict between organized groups in domestic politics and international organizations or long standing US commitments, domestic interests tend to triumph. This may not be a surprising conclusion. We have long been aware that the pursuit of even major foreign policy goals can be affected and impeded by factors in domestic politics. It is also possible that the United States as world hegemon, the sole surviving superpower et cetera enjoys a greater degree of freedom to follow the pressures of domestic rather than international politics. Smaller and weaker countries might be obliged to follow the dictates of globalization or the decisions of international organizations; the United States is not.

It is often profoundly irritating to other countries that their attempts to deal with the United States are impeded by the ability of domestic interests to influence policy. It is almost intolerable for other countries to be lectured on the importance of honoring WTO decisions while failing to respect decisions that go against it. Yet the peculiar character of the United States as a hegemon might also give some overseas hope. Public interest groups have in general fared much better under conditions of globalization than might have been expected.¹⁷ Working through media of globalization such as the web and email, activists around the world have been able to use their greatest strength against corporations where they are most vulnerable rather than where the legal authority to control them resides. In a celebrated example, German and Dutch activists were able to pressure Shell to change its policy on the disposal of an oil storage platform, the *Brent Spar* which the British government had the undoubted legal authority to control. Although the British government agreed with Shell's policy, campaigns against it in the Netherlands and Germany were too strong for Shell to withstand.¹⁸ Yet although these movements are indeed global, they gain particular strength from the ability of American public interest groups to exert the sort of leverage

¹⁷ J. M. Ayres, "From the Streets to the Internet: The Cyber- Diffusion of Contention" *Annals AAPS*.

¹⁸ Grant Jordan "Indirect Causes and Effects in Policy Change: Shell, Greenpeace and the Brent Spar" paper presented to the Annual Convention of the APSA, Boston, MA 1998.

that, as we see, they have been to use on trade issues. As we have seen, the American political system has continued to afford interest groups such as environmentalists the ability to impede and block policies of which they disapprove even in the face of clear American policy commitments that support those policies. For those concerned that the forces of globalization and internationalization will crush commitments to non economic goals and values, the ability of groups that share their concerns to exploit the pluralism of the American political system may provide some consolation.