Adjusting Trade Liberalisation and Environmental Protection Demands in an Era of Globalisation

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The present paper has been developed in cooperation with Dr. Kristen Nordhaug of the Centre for Development and the Environment, presently at International Development Studies, RUC. He and the author is co-editing a book-length report of six country case studies from a project directed by the author and on which this working paper draws. The project has been financially supported by the Norwegian Ministry of Foreign Affairs. The present paper, to be considered as a preliminary version of the summary of that report, contains some sections that will be included in revised form in the Introduction of the report. The present version has benefitted from very useful criticism and comments from Nordhaug and John Martinussen. Comments were also made by several participants at the RUC research workshop in Gilleleje, Denmark on December 9, 1998 and a seminar co-sponsored by the Department of Political Science and the Centre on Development and the Environment at the University of Oslo on April 22, 1999. The paper is the sole responsibility of the author who prefers references to be made to the final version appearing in the co-edited volume the planned publication date of which is 2000. Comments on the present version may be sent to helge.hveem@stv.uio.no.

Introduction

Since the early 1980s the number and the variety of prescriptions, recommendations and agreed rules for the conduct of national economic policies issued by foreign and international agents have increased exponentially. The result is a tremendous push towards policy change. It was initiated by the monetarist and neo-liberal upswing in the late 1970s and was followed by two generations of structural adjustment programmes in the 1980s and 1990s. It has resulted in partial harmonisation of economic policies and liberalisation of markets for goods and capital movements. These have become institutionalised *inter alia* in the WTO, in a good number of new regional free trade arrangements and in several hundred bilateral investment agreements for foreign direct investments (UNCTAD, 1998).

Parallel with these developments there is an increasing number of demands and expectations for environmental protection and for introducing social clauses, some of which are also subject to international agreements. Although they need not necessarily collide (Runge, ed., 1994), there is a widespread perception that they often do. 'Environmental conditionality' is potentially, in some respects objectively at odds with the liberalising logic. Decision-makers and regulators thus appear to find themselves confronted with a variety of potentially or *de facto* conflicting demands (Hesselberg and Hveem, eds., 1998).

The effect of these developments on national authorities' handling of global liberalisation challenges vary, however, considerably. First it is of great importance whether and how these authorities *perceive* these challenges. In addition multilateral and in particular regional projects may represent different positions with respect to how they confront globalising forces (Hveem, 1998). The hegemonic power and other major agents pursue strategies which, despite apparent efforts to develop common postures in the G7 and other settings, still vary considerably. Financial agents and transnational corporate managers also play independent roles which, although there is a potential for it (Stopford and Strange, 1991) are often neither predictable nor possible to control.

In addition to this systemic pluralism, countries in the so-called 'South' also vary considerably with respect to what problems they face, what policy options they believe they have, and what political and institutional capacity they actually possess for coping with demands.

This report describes and discusses how six countries from the three continental regions of 'the South' have responded to demands for liberalisation of international investment, capital movements, foreign trade deregulation and for social and environmental regulation.[8] The study has been conducted during 1997 and 1998.[9] The six countries selected - Argentina and Costa Rica, Ivory Coast and South Africa, India and South Korea - represent different degrees and trajectories of policy change. Differences in these respects are explained by variance in the relative weight that endogenous as compared to exogenous, international agents play in accounting for process outcomes, and by differences not the least in how agents and factors at the two levels interact.

The six cases represent different types of industrial organisation and a different resource base (level of development), and different situations with respect to degree and type of integration with the global economy at the time when contemporary harmonisation and liberalisation pressures started (See Appendix, Table 1.). They also represent different historical trajectories and political cultures, and different levels and forms of political institutionalisation.

1. The Analytical Approach

The presentation that follows is based on analysis of results produced by the case studies. Taking a comparative view, the results are presented as fairly general observations about the impact of certain classes of factors on outcomes in the respective countries. The potential for generalising the results to support or modify existing theory is discussed at the end. Before the results are presented, some remarks on that theoretical basis and the way it guides the present exercise should be made.

One fairly general way of theorising differences in the outcomes of national policy-making processes is to choose a simple dichotomy. It contrasts hypotheses that focus the power of *international* hierarchy and exogenous agents' domination with hypotheses that reflect the power of *domestic* agency and national autonomy. What is to be explained is, to repeat, the policy (change) that results from policy-making processes in the countries investigated.

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[8] The study has received financial support from the Ministry of Foreign Affairs of Norway, the Norwegian Research Council and the University of Oslo, none of which carries any responsibility for the conclusions drawn in this paper or in the various country reports.

[9] The authors of the papers are: for Argentina Diana Tussie with Fernanda Tuozzo; for Costa Rica Alvaro Lopez Mora; for Ivory Coast Alice Sindzingre and Bernard Conte; for India K.V. Natraj; for South Korea Chung-in Moon; and for South Africa Peter Vale and Larry Swatuk.

Under the first mentioned, international factors category one proposition would be that the relative power resource base and the degree and type of integration with the world economy of the national economy concerned determines its policy. This represents the *structuralist* perspective. Another proposition under the first category shifts the emphasis from structure to agency and sees the goals and action of hegemonic agents as the source of policy determination. This may be referred to as the *exogenous domination* perspective. A third proposition under this category holds that international *market conditions* determines policy; policy outcomes are simply assumed to be necessary adjustments to market fluctuations - different under recession from what they are in growth periods.

The present project is not particularly informed by the structuralist perspective, but does of course take international structure into account as a conditioning factor. Under some of the variants of dependency theory the two were combined. The result was sometimes a rather deterministic and static view that is also not the one taken here. However, both the international market condition and exogenous domination perspectives are reflected in the case studies although in varying forms and degrees. There are international constraints to the freedom that national institutions and procedures enjoy in making policy, but they do still have some freedom of action.[10]

The *second* category contains a variety of theoretical propositions out of which only some few are represented in the present project. In the introductory chapter the developmental state, state autonomy and state capitalist theories were referred to. [11]They emphasise the power and capacity of state institutions. More particularistic theories that represent the 'statist' perspective emphasise the entrepreneurial character of political leadership or bureaucracies.

Another branch of theories under the second category, also reflected in the present project (although sometimes more indirectly than directly), emphasise the formation and role of a 'civil society' or 'social capital'(Putnam, 1993; Bates, 1988; Evans et al., 1998) and the strategies and role of private economic agency. Yet others *combine* state with societal approaches to emphasise the existence or not of societal support for state strategies and the legitimacy of state institutions, or the degree of co-ordination between state and societal agents. Among the latter figure Evans'

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[10] For a similar argument, see Haggard, 1990.

[11] See Helge Hveem and Kristen Nordhaug: *Introduction*, to be included in revised version in the forthcoming book-length report.

modified state autonomy theory, referred to as 'embedded autonomy' (Evans, 1995).

These and several more contributions belong within what may be referred to as an institutional perspective. One proposition that was formulated in the original project design is that the form and strength of *institutions* decide whether they modify or neutralise exogenous influence, either by filtering it, providing a shield against it, or opposing it. One assumption that follows is that even in the case of a small and open economy, domestic state and civil society goals may be dominating exogenous pressures if or when state institutions act strategically and mobilise support from well-organised and/or highly articulate, well positioned domestic interest groups (and if necessary transnational networks and NGOs). This proposition has its *dependencia* variant based on the experiences of Latin-America (Cardoso and Faletto, 1979) and one that has a wider empirical base that includes Europe (Senghaas, 1982; Katzenstein, 1985; Evans, Jacobson and Putnam, 1993; Hveem, 1994).

Another institutionalist proposition holds that national responses to globalisation challenges are conditioned on what type of 'production regime' there is – a Liberal market economy or a Co-ordinated market economy – the former being one where agents and institutions are not co-ordinated, the latter one where state agents co-ordinate closely with economic and social agents and, of particular importance, where business agents co-ordinate among themselves (Soskice, 1998). The Anglo-Saxon countries figure most prominently in the Liberal sub-category, whereas in the Co-ordinated market economy category Japan and South Korea represent one subtype, the Northern European countries another.

These two broad categories of theoretical perspectives, accounting for international and domestic (national) factors and agents respectively, both have substantial support in the literature. But there is a third way that holds a vast and still mostly untapped potential: The two may be *combined* for instance as when domestic institutions and agents not only interact with, but even co-operate and co-ordinate with exogenous agency.

This outcome is probably not the general pattern. But there are several ways by which co-ordination across the international – national divide may take place. Co-ordination may also vary from a rather hierarchical structure of influence on the one hand to a straight and balanced relationship of mutual influence on the other. Our approach attempts to direct focus on the *interplay* between exogenous and endogenous agents and factors.

Such an approach may be organised in several ways. The intention here has been to treat that interplay in a flexible way, with no pre-registered categories. Two dimensions may, however, be said to have informed several of the case studies. The first of these is the distinction between an international relationship monopolised, or at least controlled, by state institutions and agents on the one hand, and on the other hand a more complex relationship where business ties or transnational coalitions play a central role. The second of the dimensions represents the exogenous domination perspective and consists of two subcategories: one that emphasises political bargaining between the parties, and one that represents ideological or ideational sources of influence. There is no doubt that the very ideology of liberalisation, giving priority to the establishment of a global market economy, *and* the idea of environmental protection, are strong forces in the 1980s and 1990s. Their strength does not necessarily depend on these ideas being forced into the heads of decision-makers by arms-twisting techniques, but on their being spread and adopted voluntarily through imitation or learning processes.

There are certain important implications of the interactive multilevel approach. It makes the idea that the state is being rolled back or that there is a zero sum relationship between state and market (Migdal, 1988) in terms of power questionable and a similar assumption for power shift under the globalisation framework (Hirst and Thompson, 1996; Strange, 1996) equally problematic. Globalisation means a shift in the relative importance of various state functions by which some are strenghtened and others weakened. It is only under the unlikely event that globalisation leads to a completely self-regulating market that it represents a zero-sum game between the state and the market. We still face interventionist states, as 'trading' (Rosecranze, 1986) or 'competitive states' (Cerny, 1995). As Evans points out when offering a typology of four different state positions with respect to globalising processes, withdrawal and involvement are not opposite alternatives. States may profit from globalisation as much as loose from it; the crucial question is what kind of relationship there is between the two (Evans, 1995). One reason why the state may become strengthened from involvement in the process is that many private agents, for example corporations operating in software, films and similar pirate-sensitive branches, need state support to protect their interests (Evans, 1997).

To sum up these various classes we offer Table 1.

The interactive approach will be in focus in the next section. It is important first to state that it does not make an *a priori* assumption that policy outcomes *always* result from an interaction between the international and national levels. The assumption is a general starting point for the analysis; we expect to see considerable variation with respect to which factors and what type of agency at what level of analysis do explain outcomes.

Secondly the approach taken here makes a point about not giving privilege to either a neo-realist and neo-institutionalist perspective; it rather

builds in the assumption that these perspectives may be combined (the socalled neo-neo-synthesis). But the project is also, and thirdly, developing a contribution along what is referred to as non-utilitarian or post-structuralist

theories, such as the constructivist or social constructivist approach. According to the latter the role of ideas and ideology in globalising macroeconomic policies and markets is important, perhaps determinant. Several of the cases reported illustrate this.

Table 1. Classification of theoretical perspectives

International/systemic level perspectives	1. Structure determines outcomes 2. Hegemony/dominant agency determines 3. International market conditions	- Structuralism/Under-development thesis - Hegemonic stability thesis - Neo-liberal economic theory
Domestic/national level perspectives	1. State based perspective 2. Society based perspective 3. Production system based perspective	- 'Developmental state', 'embedded autonomy' - Democracy or/and (social) corporatism - Liberal versus Co-ordinated market economy
Interactive international-domestic level perspectives	1. State-dominated (double-edged diplomacy) 2. Trilateral home state – corporate – host state 3. Transnational alliance, civil society dominated perspective	- Two-level negotiations - Complex multi-actorbargaining - NGOs influence by forming alliances against or with state authority

The role of cognitive processes should also be considered in the context of supplementing theory with some post-structuralist contribution. As an example of the potential importance of cognitive processes, the state may as we observed above objectively retain its role and power in a globalising environment. But *perceptions* of reality may be influenced by the public debate and by the constant communication of a different philosophy on state-market relations, one that not only preaches and predicts the roll-back of the state, but actually sees it as a *fait accompli*. State agents may thus act as if the prescription of neo-liberals were the reality – representing the case of a self-fulfilling prophecy. The radical shift from interventionist to neo-liberal ideas in a number of developing countries since the 1980s can be seen in this perspective.

2. Policy Change as a Result of Interaction between Globalisation and Domestic Political Process

Putnam's two-level model for the study of international negotiations, also referred to as the 'double-edged diplomacy', has played an important role in pushing research on the interaction between endogenous and exogenous factors ahead. The original model is however, too much informed by the assumption of unitary nation-state agency and leaves contextual parameters such as the role of ideology constant. This weakness is to some extent corrected for in a follow-up study (Putnam, 1988; Evans, Jacobson and Putnam, eds., 1993) and further adressed in some recent research. The present study has therefore attempted to pick up from these contributions.

Nation-states are normally complex and pluralistic entities. Their capacity to act as unitary actors, or the fact that they are *incapable* of collective action, are functions of exogenous factors, the role of institutions in society and of factors endogenous to the institutions. In democratic polities institutions are particularly dependent on the broader society for their well-functioning (Przeworski, 1995). Their capacity in these respects may vary considerably from one country to another according to political culture, historical background, the shape of civil society and state-civil society relations or the formation of what is increasingly referred to as 'social capital' (see above). Important is also the shape of relations between international and national agency not only in the economic but in the environment or broadly socio-cultural domains.

Contrary to neo-classical and particularly neo-liberal economic assumptions, therefore, societal actors do not and cannot automatically adjust to market liberalisation as 'economic men'. Individuals play multiple roles. Moreover their behaviour, and the extent to which and ways by which exogenous pressures impact on individuals or groups, are modified by the above mentioned institutions. Change processes are not only dynamic feedback processes where policy-making is constantly influenced by past policy decisions. They are also battles between historical experience and institutional memory favouring status quo on the one hand, and pressures for change due to ideological transformation or particularistic interests on the other.

A further complication may lie in the possibility that economic policy and environment policy domains are differently structured as a result of exogenous factors. In other words: it may be argued that economic liberalisation by the very nature of the issues may be left more to market forces and the principle of self-regulated markets than may the environment domain. The latter, so the argument goes, is naturally, because of its character as a public good domain, demanding more public intervention.[12]

The argument probably exaggerates the difference between the two policy domains. In fact, there are probably more and more important elements of 'global governance' by e.g. multilateral agreements in the economic sector than in environment. Implementing these agreements means that the state abdicates from some of its previous case-by-case handling of market access and the like, whereas handling environmental issues is still very much concerned with particularistic local projects that demand a case-by-case approach. On the other hand the process that started at the Rio conference in 1992 and resulted in the Kyoto agreement is proof that a corresponding trend is visible even in the environment domain.

There are in other words both theoretical arguments and indeed empirical evidence to support not using a method of difference too literally in comparing the two domains. Both open for free-riding: private actors may seek protection from the competitive market while others are left to carry the costs of competition; and they may avoid internalising environment costs and at the same time have competitors carry them. Also institutional developments such as the advance of industrial and environmental standards under the International Standardisation Organisation (ISO) and decisions by corporate managers to invest in environment-friendly production as a strategy

[12] The point was made by John Degnbol-Martinussen in his comment as a discussant at the Oslo seminar.

to leverage polluting competitors are empirical proofs that private regulatory activity can move the environment policy domain in the direction of more sustainable development.

These counter-arguments are not a rejection of the case for differentiating between regulatory institutions in the two domains. So far it is probably fair to say that environment policies in developing countries have been implemented on a case-by-case basis. While economic liberalisation may have reduced the scope for rent-seeking and corrupt behaviour in that domain, the opposite trend may be evolving in the field of environment and pollution management as agreements like the Kyoto agreement on emissions and trade in quotas take hold.

Viewing the nation-state as a pluralistic entity means that the two-level model is transformed into a three-, under some assumptions four-cornered strategic interaction system. It has three (four) classes of agency: on the national level governments and interest groups; on the international level exogenous agents who subdivide into agents representing dominant policy doctrines or political power (or both) on the one hand and those representing the institution of multilateralism on the other; and transnational coalitions or networks who are actual or potential allies to agents at the national level. Even in the 'weak' states (Sandbrook, 1986; Migdal, 1988) there are policy-making processes influenced by vocal and sometimes well organised local agents (Bayart, 1993; Bach, 1996).

3. Two-level Interaction: A First Cut at Causal Explanations

Even though ideational and institutional pressures for change are strong and change thus is to be expected, it may still fail. Established policy-making routines represent a considerable degree of inertia. Bureaucratic procedure is hard to turn around. This is as true of international financial institutions (IFIs) as of national state institutions and for that matter interest group behaviour. In the case of the state institutions major policy changes will often not take place unless public institutions face *crisis* – either strong political pressure or dramatic economic problems (or normally both). In one study which compared five countries during three different time periods the latter assumption was the reason for the periodisation chosen, the more explicit assumption being that policy is most likely to change during crisis times (Gourevitch, 1986).

With respect to the six countries one criterion applied when selecting them was variation on this dimension, but also in some sense similarity. All of the six have, over the two decades or so covered, gone through some sort of economic crisis, but the more obvious ones were Argentina in the early 1980s, India around 1990 and South Korea in 1997-98. In the case of South Africa fundamental political change with the fall of apartheid also took place against the background of economic crisis while in democratic Costa Rica and more authoritarian Ivory Coast economic and social crisis has not led to political crisis.

The cases chosen for the present study also are expected to display considerable variety in the ways by which they react to exogenous influence. Sometimes national adjustment efforts were reactions to major economic crises, in other cases they were anticipatory in that they aimed to protect against potential future economic problems. These types of «domestic» reactions were often influenced by perceptions of necessity and a feeling of destiny, by international pressure or by hegemonic ideas.

But in other cases exogenous agency or international factors were limited, or they were present but had limited effect. Pressure for adjustment in these cases came from *within* the country. It may, on the other hand, be partly triggered and thus indirectly explained by contextual factors such as the crisis in her current account that hit India at the end of the 1980s. In other cases domestic pressure for change is partly a reflection of previous influence from hegemonic ideas. This is particularly true in the case of South Africa, but there are indications that it may be true for some of the others as well, maybe even represent a rather general feature in all the cases. If South Africa really stands out on this point, this may be partly explained by its comparative isolation from international currents up until the beginning of the 1990s. [13]

Sometimes the pressure for adjustment was bilateral, consisting of particularistic and targeted pressure from strong powers with economic and political leverage. In other cases the main pressure came from multilateral agencies applying carrots and sticks strategies, but also communicating through ideas and prescriptions primarily. And in yet other cases both these sources of pressure or prescription were operating simultaneously and, as we have indicated above, even co-ordinated. The workings of the so-called 'Washington consensus' and the institutions most directly linked to it, the Wall Street, US government and the IFI's, are cases in point.

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[13] The fact that it is being emphasised in the case of South Africa may be due to the authors of that case study being particularly sensitive to this factor. Since strictly comparative data are not available here, caution should be applied when drawing conclusions at this point.

The saliency of these external policy prescriptions varied, depending on the degree of coherence or disunity among influential external agents, but also on the capability of these agents to exercise influence and the priorities they gave to influencing the country concerned.

The following summary of the various case illustrations are organised so as to highlight the interactive approach. It may be a little 'forced' in the sense that it collapses into the three categories chosen cases which are distinctly different in important ways. Differences within the categories ought therefore not to be overlooked when reading the summary that follows. Moreover it is not always easy, and not a very important task either, to establish whether a policy outcome (change) is caused by either endogenous or exogenous actors. Processes such as liberalisation of markets and above all the integration of production and distribution entities across national borders under one organisation, the transnational corporation, establishes processes of influence which are less transparent and where the relative weight of factors and actors are less evident than in arms-length interaction in a market or bargaining among autonomous nation-state representatives. The following observations ought therefore to be read with caution:

3.1. Domestic politics prevail: Relatively weak international influence on India and South Africa (prior to the 1990s)

In both these cases one faced a relatively 'strong' state, or a situation where state influence in the economy and as opposed to self-regulating market institutions was relatively strong.[14] The rate and speed of change that took place in them should be evalutated against this background.

India. Growing budget and balance of payment deficits were major problems in India during the 1980s. The Indian government had a long tradition of import substitution policy and of successfully withstanding international pressure for change. It reacted to the problems developing in the 1980s with a large-scale liberalisation programme in 1991. In particular policy on FDI was liberalised. The policy change did not, however, result in massive new inward FDI during the first part of the 1990s (Kumar, 1996), and the growth is still slow in the latter part of the 1990s.

In his case study Natraj argues that external pressures for liberalisation and improved environmental management in India were weak. The pressures for liberalisation came from India's domestic polity, partly long

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[14] For further discussion and conceptualisation of 'state' and state – market relationships, see Martinussen, 1997.

before 1991, but materialised in policy change only then. The reasons for this are largely of domestic origin and will be dealt with below.

South Africa. Vale and Swatuk argue that the South African apartheid regime cultivated a policy of resistance to all kinds of international demands, including international demands for environmental management. There has, however, been a transition from isolationism to multilateralism in South Africa's official policy in the 1990s. In the economic field, although there are remnants of isolationism within both business and the political sector (ANC), there has been a visible transition in the public discourse on ideas and ideology towards a liberal posture. The transition appears to have been more caused by the spread and voluntary adoption of ideas than by foreign pressure, but as in the case of India economic crisis has represented a source for change.

On environmental policy government in the 1990s has gradually moved from a position of hostility to international environmental demands to acknowledging that these are problems which will have to be tackled. Its main concern is South Africa's energy sector and dependence on coal. There has been some, but compared to India less pressure from environmentalist groups and movements. Government seems to realise that after an initial «honeymoon» with the international community, post-apartheid South Africa will be facing tough demands for environmental reforms, especially reforms of its energy sector. Thus, it makes what may be seen as an attempt at anticipatory adjustments to future economic problems.

3.2. U.S. hegemonic influence and economic liberalisation in Costa Rica and South Korea

In the cases of South Africa and India international pressures and inducements for economic or environmental reforms were relatively weak, although South Africa is turning ideologically (emerging ANC leadership) while preparing for a stronger future pressure. In the cases of Costa Rica and South Korea the initial pressure for liberalisation came from the United States, but the interplay and timing of U.S. geopolitical and economic interests differed widely in the two cases. Also, the background against which the pressures took place differed quite substantially in the two cases, as the state was relatively less influential over and above in state – market relations in Costa Rica than it was in the case of South Korea. In this respect South Korea certainly is close to India.

Costa Rica. Lopez' case study shows that Costa Rica's turn to an export oriented industrialisation programme in 1983, and its ensuing decisions to join the GATT and to undertake structural adjustment programmes, were strongly influenced by its close and somewhat 'junior' relationship with the United States. Until the early 1980s Costa Rica pursued a regional import substitution policy within the Central American Common Market based on protective barriers against the outside world. This arrangement favored manufacturing industry in Costa Rica, which was the most industrialised country in the region, but its economic dynamics were limited by a meagre regional markets. Thus, Costa Rica faced growing economic problems in the 1970s and 1980s, and eventually also a debt crisis.

This "crisis of regional import substitution" was an inducement to change to a new policy of diversifying exports and redirecting export to third markets. The change was encouraged by the U.S. government as the Reagan administration launched the "Initiative for the Caribbean Basin", strongly motivated by its Cold War efforts in the region and its attempts to isolate the socialist regimes of Cuba and Nicaragua. Central American and Caribbean products could enter U.S. markets duty free, but signatory countries would have to apply for GATT membership. This would also serve as an inducement to U.S. foreign investment in the region. Thus, the main external political pressure for liberalisation came from the United States during a special period of strong U.S. geopolitical interests in Central America. This initial bilateral pressure was reinforced by multilateral agencies as Costa Rica started its negotiations with GATT for membership. In addition continuous debt problems forced the government to negotiate new structural adjustment agreements with the Washington-based IFI's.

South Korea has a well publicised record of fast economic growth and a fairly equal income distribution, but also of periodical financial crisis. The country was badly affected by the oil crisis around 1980 and more recently the regional Asian crisis in autumn 1997. Chung-in Moon argues that South Korea struggled with a number of problems in the 1990s well before the crisis, especially a weakening of international competitiveness due to lack of restructuring and upgrading, and a negative trade balance which became apparent during its 1997- financial crisis.

South Korea resembles Costa Rica in some respects. It is strongly dependent on the United States for export markets. The United States has also had a strong geopolitical interest in its cold-war alliance with South Korea, and like Costa Rica South Korea went through a major debt crisis in the early 1980s. But unlike the Costa Rican case, US geopolitical interests in South Korea have declined since the 1980s, at a time when South Korea's growing export surplus with the United States became a major irritant to U.S. administrations. Thus, unlike Costa Rica, U.S. administrations from the

Reagan administration and onwards applied the economic stick, rather than the carrot to pressure South Korea to change its economic strategy from mercantilist export orientation to liberal export orientation. The international political pressure for reform was fairly weak in the early 1980s when the government undertook a structural adjustment austerity programme, but maintained many of its previous mercantilist practices. The pressure intensified after the mid-1980s, as South Korea came under pressure to reduce its trade surplus with the United States through removal of trade barriers and revaluation of its currency. In the 1990s South Korea was exposed to multilateral pressures from GATT/WTO and OECD as it applied for membership in these organisations. Finally, during its present (1997-) crisis South Korea is undergoing a new structural adjustment programme with wide-ranging institutional reforms in return for a major emergency credit administered by the IMF.

As for environmental policies Costa Rica started only very modestly and rather recently to respond to international concern over rain forest depreciation. Iniatives taken to preserve the rain forest were mostly motivated by domestic interests in promoting eco-tourism. During the 1990s, more involvement from societal agents was seen both on environment policies and on foreign investment and trade policies and decision-making (see below).

3.3. Divided hegemony and contradictory external policy recommendations in Argentina and the Ivory Coast (until around 1990)

The various actors that pressured for liberal economic reform appear to have been reasonably unified in the cases of Costa Rica and South Korea. On the other hand, the case studies from Argentina as well as the Ivory Coast demonstrate contradictory policy recommendations from multilateral agencies or hegemonic powers.

Argentina - Diana Tussie's paper on Argentina focuses on the trade policy reforms. The starting point is the debt crisis in the early 1980s triggered by rising international interest rates on loans which mainly went to finance unproductive investments and consumption. The crisis escalated further as the new democratic Alfonsin government (1984-89) during its first years pursued an unsuccessful Keynesian counter-cyclical policy.

Initially, international pressures for trade reform were weak. The first structural adjustment agreement with the IMF was restricted to customary macroeconomic targets. From the mid-1980s on the World Bank became involved in promoting trade reforms in close co-operation with the government, but there apparently was a conflict of view that resulted in lack of co-ordination between the World Bank and the IMF. In 1988 the World Bank granted a loan for trade reforms without approval from the IMF, which withheld its own loan. This reform failed as a result of insufficient financial backing of the currency. There was a run on it. The run resulted in the biggest banking and currency crisis of the post World war II period so far.[15] Hyperinflation was followed by a change of government.

After this failure the two IFIs co-ordinated their policy recommendations and implementation of policy (see below).

Ivory Coast. In 1979-80 the economy of the Ivory Coast was badly affected by declining terms of trade due to a fall in the prices of its main export products, along with growing interest rates on is debt. In the late 1980s the country was again affected by a major decline in its terms of trade. It also faced an ecological crisis of deforestation as a result of long-lasting unsustainable forestry policy including clearing of land for cocoa and coffee production.

The debt crisis was followed by pressure from the IMF and the World Bank for economic reforms. But this pressure was weakened by differences between IMF and World Bank over partly contradictory policy priorities of fiscal stabilisation (IMF) and export diversification (World Bank).

The two agencies' ability to impose conditionalities were also disturbed by Ivory Coast's bilateral relations with France. France provided the country with large amounts of economic assistance regardless of the country's non-compliance with demands from the IMF. Furthermore, the French supported a continued high value for the CFA Franc, while the IMF wanted a devaluation. This situation ended in 1993/94. In 1993 the French government announced that its economic aid would be dependent on an agreement with the IMF, while at the same time the French government decided for a major devaluation of the CFA Franc-French Franc exchange rate (implemented in 1994). Thus, in the same way as in Argentina the government in Ivory Coast has faced increasingly unified international inducements and pressures for economic reforms over the past few years.

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[15] According to the World Bank and in terms of what percentage of the GNP had to be allocated to bank rescue financing and to debt servicing.

4. Country Policy Responses to Exogenous Demands

Our six countries were challenged by economic problems (market fluctuations) and international policy prescriptions with great implications for national economic prosperity, distributive issues and environmental performances. Their responses varied according to several factors referred to above – structural, institutional, circumstantial and societal – in ways that represent a fairly complex picture.

In terms of one background factor – level of economic and political-economic development, one would have expected relatively similar outcomes for the six cases. Although the variations in terms of GNP per capita between Argentina and Ivory Coast are considerable, there are no truly 'weak' nation-states among them.[16] One would therefore expect a considerable degree of commonality of policies produced either by the pressure of systemic forces (but without necessarily representing asymmetric relationships of the dependency type) or through convergence of policy-making rationales.

The logical implication of the two-level model is that to the extent broad national support of a policy outcome is achieved and in addition a transnational alliance is organised in support of it, to the same extent can policy implementation also be expected. This cannot, however, always be taken for granted. Experiences with Structural Adjustment Programmes (SAPs) indicate that even in a relationship characterised by highly asymmetric power - the IMF versus a poor developing country - the latter may move the outcome a considerable distance from what the former would have wanted (Kahler 1993). Even in cases where bilateral agreements are produced to supervise implementation, a process of «involuntary defection» may occur and obstruct implementation. This happens because domestic interest groups mobilise, or because groups originally in favour change their mind in the process following international agreement and oppose implementation.

Our preliminary analysis offers the following three categories of outcomes:

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[16] Cameroon was originally selected as the case representing West Africa, but had to be cancelled in favour of the Ivory Coast.

4.1. Crisis and executive entrepreneurship in Argentina and South Korea

Executive entrepreneurs will frequently be hamstrung by their constituencies and various kind of vested interests regardless of their own skills and of institutional autonomy. However, major crises may provide windows of pushing new policies; a crisis is a situation where the perception of standard operating procedures and customary practices is that they no longer work. In South Korea and Argentina major crises gave political entrepreneurs the opportunity to ally with the IMF/World Bank and to reorganise domestic political alliances in support of liberal, even neo-liberal policies.

Argentina - In 1984 Alfonsin was elected president after the fall of the military junta. The Alfonsin government was a weak one with a narrow middle-class constituency. During the 1989 hyperinflation the Alfonsin government lost most political support and was forced to resign six months before its term was tp end.

Menem from the Peronist party formed a new government which forwarded a neo-liberal reform package. The policies were sustained by co-ordinated policy recommendations from the IMF, the World Bank and the Inter-American Development Bank. Fear of hyperinflation made the public and the working class willing to swallow the bitter pill. Resistance in the Congress was overcome as Menem managed to get Congress acceptance to steer the new policies by decrees without prior Congressional authorisation. By these measures, the prospects of reform depended on the balance of forces within the ruling Peronist party. The main constituency of the Peronist party was that of the working class. Menem's Peronist party maintained this working class constituency, while at the same time he succeeded in enfeebling the powerful trade unions which represented a bulwark of resistance against economic liberalisation. He also fashioned new ties with reform-oriented business groups. Thus the long tradition of corporatism Argentinian style was broken.

The Menem government succeeded in stabilising prices. Later, the "honeymoon" was over and dissatisfaction mounted over the economic shock therapy with rising unemployment caused by reduction of public employment, bankruptcies as a result of growing import competition, *etcetera*. The government responded by introducing compensatory policies to reinforce its alliances with business and labour. Its efforts to improve relations with business weakened its initial liberalisation efforts as it introduced new forms of discretionary *ad hoc* trade protectionism, while the loyalty of the traditional working class constituency was strengthened by measures such as improved counter-unemployment measures and other social programs which were supported by the IADB and the World Bank.

South Korea - As argued by Chung-in Moon, considerable economic liberalisation took place during the presidency of Kim Young Sam (1993-1997). Indeed it is hotly debated whether the liberalisation of cross-border capital movement under Kim Young Sam went too far and triggered the current financial crisis (Chang, 1998). In any case, Moon shows that some of the important economic reform attempts by the Kim Young Sam government failed as a result of its inability to muster political support and because of the "unruliness" of labour and business.

In December 1996 the government attempted to revise the Korean labour law in order to remove the strong protection against firing of labour. This attempt at reducing labour costs failed. There was strong opposition from organised labour which was inflamed by the government's procrastination of liberalisation of labour unionisation. Labour was supported by the political opposition which reacted to irregular legislative procedures in forwarding the revised labour code. Amid mass strikes and strong parliamentary opposition the government gave in and postponed its labour code revision.

The government attempted in vain to reduce ownership concentration by the big business groups, the socalled *chaebol*. The *chaebol* continued to expand through cross-investment, cross-payment guarantees and cross-ownership, and their expansion was to a large extent financed by money borrowed abroad. Industrial restructuring failed. There were over-investment and thus surplus capacity in important industries such as automobiles and steel. These measures were exaggerated by the government's licensing of entry into these branches to political favourites, and its inability to decide on how it should handle delinquent firms. Thus, the unruliness of business along with socalled «crony capitalism» type relations between government and business impeded industrial restructuring and led to a swift expansion of South Korea's foreign debt.

The failure of the Kim Young Sam government's reform attempts can then be attributed to too close relations with big business as well as to its detachment from organised labour. The financial crisis in autumn 1997 brought victory to opposition candidate Kim Dae Jung in the presidential elections. As South Korea faced a major financial crisis and strict conditionality demands from the IMF, Kim Dae Jung seized the opportunity to press for the reforms which had failed during his predecessor's term. IMF demands included labour reforms. With the backing of these demands from the «bad cop» Kim used his good relations with organised labour to initiate tripartite negotiations between government-business and labour on labour code revision. The end result was that the unions gave up the protection against layoffs in return for extended rights of organisation and welfare provisions to unemployed. This sacrifice from labour also allowed Kim, again with the backing of IMF demands, to pressure the *chaebol* to undertake reform to end their cross-investment patterns and trim down their size by selling out weak companies. This part of the reform package resulted, however, only recently (end of 1998) in concrete steps by the *chaebols*.

Thus, in Argentina as well as South Korea previous governments failed to muster support from labour and business. Major economic crisis led to changes of presidents, who took advantage of the crisis and good relations with labour to promote reforms which previously had been resisted by labour. On the other hand relations with business moved in opposite directions in the two cases. Kim Dae Jung "cooled down" relations with business and enhanced his "executive autonomy" by playing out labour and business against one another. Menem, on the other hand, «warmed up» government-business relations to draw on business support for economic reform.

4.2. Transnational alliance-building in Costa Rica - and its gradual breakdown in the Ivory Coast

In two of the six cases transnational alliances were quite decisive in shaping policy - Costa Rica and Ivory Coast. But the effects of the alliance was rather different. In the former case it produced a gradual but clear transition from import substitution policies to liberalisation. In the latter the transnational alliance upheld for a long time positions which partly contradicted the neo-liberal doctrine and the demands for broad liberalisation.

Costa Rica. As discussed earlier the Reagan administration's "Initiative for the Caribbean Basin" allowed for duty-free access of goods to U.S. markets in return for GATT membership. However, Alvaro Lopez' study shows that business was initially divided with regard to GATT membership as it would imply increasing competition in the Central American markets from external agents. There were contacts between the U.S. AID and a constellation of technocrats and «upcoming» capitalists who wanted a change to an export-oriented development strategy in Costa Rica. This transnational alliance may have had a decisive influence on the outcome. The U.S. AID strengthened its alliance partners by financing new government agencies and business associations in favour of GATT membership and a change of export strategy. In the next round the domestic alliance of technocrats and business in favour of a policy change managed to take control over the negotiations on Costa Rica's GATT membership, and to insulate themselves from domestic parliamentary influence.

Hence, the United States did not simply cajole Costa Rica to change its economic strategy from import substitution to export orientation. The U.S. aid agency also actively boosted the power and resources of domestic proponents of a policy change. Parallell to this alliance-building process there was a process of building an alternative alliance around environmental protection concerns. We return to this briefly below.

Cote d'Ivoire used to reflect transnational coalition-building quite remarkably as long as the French-Ivoirian 'special relationship' worked. This is a relationship based not only on close political ties, including French military presence, but also on a network of economic relations creating a commonality of interests between the local government, which has occupied a strong position in the economy ever since independence, and the French.

Elements of this relationship still remains in the 1990s in for example some of the sectors where monopolistic or oligopolistic market arrangements have a long history and the rent is divided between state authorities and foreign companies. Liberalisation measures advocated by the IFIs were to a considerable extent directed against these 'special relationships'. Sindzingre and Conte show that the alliance withheld pressure for change quite successfully, not only during the period where geopolitical considerations that caused political friction between Washington and Paris were at work, but even later.

The alliance, once eroding and losing its strength, gave way to a situation both more complex when it comes to alliance formations and potentially more vulnerable because of its internal incoherence. Structural change and economic conjunctures also make themselves particularly felt in the case of Ivory Coast – an economy being dependent both on manufacturing which meets heavy competition internationally and on raw materials extraction and exports in branches traditionally subject to highly fluctuating market conditions. But as these factors are largely beyond the control of the local agents, their capacity and in particular flexibility to initiate and carry through policy adjustments is crucial. One type of response which has its origin in the post-independence era and which Sindzingre and Conte refer to as surprising is the growth of an informal economy. It has to a considerable extent grown because public servants have seen the opportunity for rent-seeking being created by decolonisation, periodic booms and gradual privatisation. But it is also growing because of administrative clumsiness and unclear legal systems.

If the IFI package of reforms may be said to constitute a wholistic and rational (internally consistent among other things) package, the fact that the Ivory Coast's way towards political change represents an unsettled polity makes it difficult if not impossible to organise a smooth and efficient transition demanded by the IFI's. In addition the 'Ivorian model' represents in several ways advantages (especially if compared to other countries in the region), in particular good infrastructure and fairly stable political institutions, of which the national political-administrative leadership is aware. This also represents stumbling-blocks to change. But since some change is perceived, even by the local polity to be necessary and hence implemented, the overall result is not an internally coherent one. This treble pressure – the one of the IFIs, of international market fluctuations and competition, and the one due to domestic political and institutional defence of the status quo – results in a very complex situation the further development of which is not easily predicted.

4.3. Distribution policy and policy flexibility: India and South Africa

In the previous discussion the World Bank's and the IMF's point of view was more or less taken for granted. Instead focus was on how economic liberalisation can be implemented through political entrepreneurship without questioning the IFI-sponsored reforms. But such questioning was and is of course part of the discourse in several of the countries studied. Thus critical questions should at last be introduced: Is economic liberalisation really a *panacea* in forwarding flexibility? Or is inability at economic adjustment rather a result of socio-economic relations as argued by several authors (Senghaas, 1982; Katzenstein, 1985; Evans, 1995)? The remaining two among our case studies indicate that a long history of unequal distribution of economic assets is highly detrimental to economic adjustment flexibility, and that economic liberalisation is irrelevant, or even detrimental to these problems.

India - Natraj argues that India's macroeconomic problems that were at the root of change in 1991, notably budget deficit and a deterioriating foreign account balance deficit, were largely «internal», to be explained by endogenous factors. He sees them as the result of the dynamics of social and political power relations; public overspending, corruption, lack of will to undertake austerity policies which would raise domestic saving, and reluctance to abandon government favours to upper class consumption and the lobbies of great farmers.

According to this analysis India's suffered from the effects of an unequal distribution of assets and political power relations, and from policies which reinforced these inequalities. But the policy response to India's economic problems which was discussed in public debate and gradually implemented was economic liberalisation. It included privatisation of India's huge public enterprise sector, and removal of barriers to foreign investments and trade. As seen from this perspective India's 1991 policy of liberalisation was an inadequate response to its deep structural problems which avoided politically painful choices of undertaking redistributive policies and institutional reform.

It is in consistence with such an analysis that the role played by state government and not the least by 'civil society' should be highlighted. Local state polities vary considerably with respect to how they cope with distribution as compared to giving priority to liberalisation. Even more important, according to Natraj, is the role played by an independent judiciary and not the least by local non-governmental organisations and social networks. His study is an embedded case study which focusses on two investment projects partly dependendent on foreign capital and technology.[17] In both cases environmental issues were highlighted, and issues were developing as a bargaining – in one of the cases a confrontation - between the political centres and local NGOs, with the judiciary as an active party intervening on both the issues.

India's long tradition of political democracy makes its state interventionist tradition, but maybe above all its NGOs or more generally its civil society the strongest among the six country cases. This tradition, and also the mere size of the economy, makes the polity less vulnerable to exogenous pressure. There was no inevitability in India's change to a more liberal policy tradition, and there was little effect from exogenous agents' attempts to press for it. Rather the change took place, as already shown, because of the necessity to reform the economy out of its growing tendency to stagnate. Contextual changes, notably the fall of *dirigist* regimes in the Soviet Union and elsewhere, helped speed up the process of a transformation of thinking in political circles, first of all the Congress party. Already business leaders had argued for some time for a change, but mostly in vain (and not totally united at that). With the confluence of exogenous changes and a growing recognition that domestic economic stagnation was a result of bad management or an unmanagable economic system, policy also changed. Overnight India reverted its resistance to Uruguay Round goals and stopped being the champion of Third world positions. She also opened up for foreign direct investments. Over the last few years, at the end of the 1990s, they have started to become considerable.

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[17] The Enron project and the Cogentrix project.

"To a noticeable degree the interventionist state is exiting from India" writes Natraj. But it is not becoming more transparent, nor less characterised by bureaucratic slowness. Nor is its political foundation at all internally consistent, one reason being that inter-party rivalry continues and governments are formed on the basis of substantial bargaining of the 'horse-trading- type. The ruling coalition which lost in the general election of 1999, but remained in power, is departing from its nationalist platform to become a pragmatic administrator of the changes so much wanted by powerful business lobbies in the country. The latter represent the best ally to the IFI programmes.

While the effect of the globalisation and liberalisation processes is not yet known, and may be neutral (although it varies), its longer-term effects may be both positive and negative. The strength of the NGOs and the environmentalists, and the activism of an independent judiciary are all potentially positive developments, but they are not without elements of populism and opportunism, the latter even in their relationship to foreign economic interests (sponsoring).

South Africa - While India is a long-established democracy, South Africa has a very particular and indeed different post-war history as an undemocratic state *and* an apartheid state. As in the case of India, South Africa is faced with great problems of social inequality which also threaten political stability. Vale and Swatuk argue that South Africa's economic and environmental problems are closely intertwined with the apartheid legacy of strong racially based social inequality in terms of distribution of income, education and land.

During the apartheid period energy policies were oriented to promoting national self-sufficiency in order to offset the consequences of international embargoes. This led to polluting and inefficient utilisation of the country's coal resources. Apartheid was based on a low level of education within the black majority. Thus, South Africa is poorly equipped in terms of human capital for a more advanced form of economy, so that it may be forced to rely on its traditional export activities of agricultural goods, agricultural manufacturing and mining industry. Industry still works on a tradition of neo-mercantilism which also is reflected in its present exports (Betlehem and Goldblatt, eds., 1996). The mining industry has very serious environmental consequences. The system of agricultural production is also based on an extremely unequal racial distribution of land has also damaging environmental effects as it has gone together with unsustainable uses of water resources and polluting farming practices at the white farms. Hence, despite of the enormous differences between South Africa and India, their economic and environmental problems appear to be strongly related to settled social and political orders based on unequal distribution.

The new post-apartheid ANC government seems to be incapable or unwilling to do much about this situation. After the regime transformation, dominant factions in the ANC swiftly changed from neo-Keynesianism to austerity-oriented development policies which played down issues of redistribution. There are attempts to promote a black middle-class in the hope that this will stabilize the political situation. If this strategy succeeds there may be more common ground for a «rainbow» liberal consensus, but there is also the danger that this rainbow alliance will preserve South Africa's extreme inequalities.

5. Conclusion

There is a general trend towards more liberal macroeconomic policies including foreign economic and industrial policies, in all the six cases. The trend, however, varies considerably both in terms of when it starts, what explains it, how fast it moves and how general it is. Costa Rica, to a certain extent also Argentina, appear to have moved farther than the others which, on their part, reveal a very mixed category of 'latecomers' to globalisation. South Africa is, because of its international isolation under apartheid, a special case. In the case of the Ivory Coast coming late is to some extent explained by a particular exogenous factor – the fact that the country was shielded from the pressure of the neo-liberal hegemonic agents by its special relationship to France.

Both causes for change and the agents who carry it differ from one case to the other, and so does the scope and timing of change. The reasons for these differences may be found in differences in political culture, in the socio-political alliances that dominate the country concerned, and in the strength and shape of alliances between domestic agents and foreign interests and institutions. In all cases policy change may be partially explained by more challenging macroeconomic conditions, in Argentina's case serious financial crisis and apparent failure to cope with it through traditional Keynesian policies. In almost all cases even ideational or ideological change, i.e. an adoption of liberal and even neo-liberal economic doctrines, played a role. But in the case of South Africa this factor is claimed by the authors to be *relatively* most important. In this case the shift was not preceded by strong pressure from exogenous forces such as was and is the case in most of the other countries; it was a more discreet working of ideas. Also it is important to note that the ideational shift in South Africa coincides with the change of power to majority rule which makes the analysis of policy change in this country particularly complex. While bureaucratic inertia explains some of the failure of the country to adjust, it is also true that the broad and systemic political changes taking place in that country has opened up for non-governmental agency to play a greater role, not the least in the field of environmental protection.

Differences in political culture, formation of socio-political alliances, the form of state institutions and state-society relations all matter, as does the relationship between these agents and exogenous agents and institutions. These differences mean that the potential sources for a change either back to a state prior to the liberalising period (if economic globalisation stops and recedes, national manifestation of protest starts) or to a new type of policy mix also will vary from one category to the other.

As far as policy on environment is concerned, however, the kind of emerging *policy commonality* among the six which is visible in the case of investment and trade policies is not found. This both shows that the saliency of environment policy in the countries differs, and that the claim that the 'South' is *all* environmental policy hinterland is wrong. In both India and Costa Rica environmental policy is high on the political agenda due to an activist NGO and environmentalist community, but also to initiatives by politicians and, in the case of India, an entrepreneurial independent judiciary.

When it comes to implications for theory, we have argued and found support in favour of what is now referred to as synthesising utilitarian perspectives, mainly neo-realist and neo-liberal institutionalist theories, and of supplementing the synthesis with contributions from non-utilitarian perspectives. Contrary to Ruggie (1998) our position is that it is possible to combine the neo-neo approaches with not only cognitivist, but even constructivist approaches. Our case studies give various degrees of support for this point, some of them perhaps weak. But for Vale and Swatuk (on South Africa) the role of ideological shift and the form and content of public debate over issues are important in explaining policy outcomes.

We have also found support for the view that the two-level model should be developed to put less emphasis on the unitary actor perspective and more on the complexity in the way international and domestic processes interact. The role and influence of transnational alliance formations need to be reflected in the model. The model also needs to take the role of ideas in shaping the strategy of state negotiatiors as well as forming alliances or policy communities across national entities into account.

Neo-liberal economic ideas, very much because they form an elaborated, fairly internally consistent and much publicised package of policies, have been the dominant, or hegemonic, ideology for many years. As we approach the end of the 1990s, in the aftermath of the Mexican, Southeast-Asian and Brazilian and indeed (the rather different) Russian crises, there are indications that the power of that ideology is peaking or has already peaked. What comes after is impossible to say. The liberal package has a basic message which has a strong universal appeal – that of the market being a useful institution for allocating resources and, provided it works, of preventing rent-seeking. But the problems seen after the crises, and indications that socio-economic marginalisation appears to go in tandem with market-based economic growth (low-paid employment in the United States) and globalisation (as documented in UNDP and UNCTAD reports), point towards reintegrating the economy and society in considerations of optimal macroeconomic policies.

We summarise these findings in the Appendix, Table 2.

The results may also be interpreted in terms of Joan Nelson's comparative perspective on policy change. We have modified her checklist of factors which influence the probability that change occurs slightly and classified the six countries accordingly. The result is given in Table 3.

Table A1. Indicators of Industrial organisation and global market integration

	Argentina	Costa Rica	Côte d'Ivoire	India	South Korea	South Africa
Manufacturing as % of GDP (1997) [18]	24,8	17,1	17,6	19,5	25,7	23,9
Inward FDI stock in % of GDP, (1990)	5,3	25,3	9,9	0,5	2,3	8,6
" " (1996)	10,2	35,5	8,6	2,6	2,6	9,9
Inward FDI flows as % of gross capital formation, 1986-91	5,3	11,7	5,1	0,3	1,3	-0,2
" " (1996)	9,7	24,7	1,6	2,9	1,3	3,5
Total debt/GDP (1997) [19]	32,4	37,2	171,8	24,8	34,9	19,5
Total debt/GDP (1976) [20]	18,1	40,8	39,2	15,2	-	-
Manufactures as % of total exports (1980)[21]	23	34	n.a.	59	90	39

[18] Country statistics. Source: URL: http://www.worldbank.org/data/countrydata/countrydata.html

[19] Country statistics. Source: URL: http://www.worldbank.org/data/countrydata/countrydata.html

[20] Country statistics. Source: URL: http://www.worldbank.org/data/countrydata/countrydata.html

[21] Source:: «Manufactures as % of total exports», table 15 Exports and imports of merchandise. *World Development Report 1997.*

	Argentina	Costa Rica	Côte d'Ivoire	India	South Korea	South Africa
Manufactures as % of total exports (1993)[22]	32	33	17	75[23]	93	74
Exports as % of GNP	8,3	31,4	39,8	9,3	28,1	23,8
Imports as % of GNP	8,2	41,9	34,7	13,4	29,7	21,6
Average tariff level as of 1997						
Member of GATT/WTO	1948	1990		1948	1967	1993
Acceded to ISO[24]	1960	1994	1960	1947	1963	1947

[22] Source as in footnote 5. Table 15 i *WDR 1997*.

[23] In the case of India data is not for 1993, but probably for 1992.

[24] Information from Norges Standardiseringsforbund (NSF).

Table A2. Summary of the country challenges and responses

	Main issue discussed	Challenge: international pressures and economic problems	Response: Political struggle over policy-making & adjustment
India	1991 globalisation/liberalisation programme	Growing problems of trade and budget deficits. Insignificant international pressure	Major shift in federal government position on policy, but varying degrees of support for liberalisation at state level and among NGOs. Contested FDI projects because of environmental issues. Judiciary plays a particular role.
South Africa	Adoption of international environmental standards, esp. within energy sector	Environmental problems related to domestic coal-production as main energy source and irrigation within agriculture Little current international pressure for adjustment. Adjustments anticipating growing pressures in the future.	Shift in macroeconomic policy thinking co-incides in complex ways with the major political change to majority and ANC rule. Ideational or ideological influence from neo-liberal paradigm is important.

Continued

	Main issue discussed	**Challenge: international pressures and economic problems**	**Response: Political struggle over policy-making & adjustment**
Costa Rica	Change to export-oriented strategy in 1980s	Economic problems related to exhaustion of Central American import substitution. 1983: U.S. «Caribbean Basin Initiative»: Duty-free entry in U.S. markets if membership in the GATT	Divisions between proponents of continuous import substitution and new strategy of export orientation. «Transnational alliance-building» as U.S. AID systematically strengthens private and public agents in favour of export orientation. Closely allied networks of government bureaucrats and business elites manages to get control over negotiation process with GATT and insulate it from parliamentary influence
	Economic adjustment away from previous mercantilist practices since the mid-1980s	Growing pressure from the U.S. for trade liberalisation from mid 1980s followed by pressures from GATT/WTO & OECD as South Korea applies for membership. Major corporate sector financial crisis and foreign debt crisis since autumn 1997	Kim Young Sam government (1993-1998) undertakes considerable adjustment, but fails in revising labour law (to facilitate hiring & firing) and to reform *chaebol*. Kim Dae Jung government (1998-) draws on good relations with labour, pressures from the IMF and ability to play out labour and business against one another to forward these reforms in a more efficient way.

	Main issue discussed	Challenge: international pressures and economic problems	Response: Political struggle over policy-making & adjustment
Argentina	Trade reforms 1989-	Major debt crisis in the 1980s. Hyperinflation in 1989 after failed attempt at monetary reform. Pressures for structural adjustment, including trade liberalisation from WB & IMF. Poorly co-ordinated in 1980s. Thereafter good co-ordination between the two organisations plus Inter-American Development Bank	Alfonsin government (1984-89) handicapped by failure of its economic policies. Loss of political support within all groups. New Menem government draws on good relations with labour and fashions new ties with business in favour of trade reform. Undertakes major trade reforms, which later are followed by followed by compensatory measures to affected groups (new forms of protectionism, unemployment benefits with WB support)
Côte d'Ivoire	Structural adjustments since early 1980s	Declining terms of trade in 1979-80 and late 1980s triggering a debt crisis. Pressures from IMF/WB partly weakened by differing priorities, as well as unconditional assistance from France and CFA zone policy of high exchange rate.	Growing pressure for policy change after 1993/94 with loosening of privileged relations with France and CFA devaluation.

Table A3. Summarising the empirical findings - liberalisation

(Theoretical position)	Illustration:	Comment:
Domestic politics prevail	Oppose: India prior 1991, until early 1990s to South Africa	Different rationales for position

Hegemonic power

A/ split:	Oppose: Argentina until 1989, Ivory Coast till early 90s	IMF vs. WB(onArg.); Washington vs. Paris
B/united:	Adjusts: Costa Rica relatively fast; - but slower: South Korea until crisis in in1997; Ivory Coast in 1990s.	Both rather dependent on USA, but ISI tradition.

International alliance formation

A/ with executive Entrepreneurship:	Argentina after 1989, South Korea after 1997
B/ adoption of liberalising ideology with majority rule:	South Africa

Table A4. The six cases according to modified Nelson check-list *)

	Example case:	Other:
1/ Consensus on reform model	High consensus: Argentina, Costa Rica	Less consensus: India, South Africa
2/ No. and variety of actors necessary to support reform	Large: India	Small: Costa Rica.
3/ Time-lag required for technical/institutional reasons	Long India (technical),: South Africa (institutional)	Short: Costa Rica.
4/Competence and information mechanisms in place	High: Argentina	Low: Ivory Coast.
5/Opportunity costs	Large: Korea of postponing reform	Small: India (?)

*) Nelson, 1996.

Table A5. Responses on environment policy

(in relation to foreign investments and trade)

Liberal FDI/trade policy prevails, neglect of or harmony view on environment policy:	Ivory Coast; Argentina for lack of public attention and public institutions
Mostly same, but growing awareness and emerging action:	South Africa, but contested increasingly by domestic environmentalist associations; South Korea (but after crisis?)
Domestic politics, alliance-building state- NGO's instrumental:	India, with particular emphasis on local state government and on the judiciary.
Transnational coalition(hegemon-based):	Costa Rica

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