

Summary, Hoffmann, "Domestic Politics and Interdependence"

Hoffmann is addressing what he perceives as a void in the existing literature on interdependence, "the interpenetration of societies and the interconnection of policies in the world economy," which is a lack of consideration of the domestic situations of international actors and the ways in which these realities limit and even dictate policy choices.

Hoffmann notes that interdependence is often described as a *condition* of mutual sensitivity and vulnerability among states, but that this description does not answer questions pertaining to the individual situations of states, or of the balance of gains and losses between them. Instead, he proposes a consideration of interdependence as a *process*. This process 1) enhances the importance of domestic factors to international politics, making "foreign policy the external projection of domestic needs and drives..." (270). The constituents of foreign policy are no longer just statesmen and experts, but now include all the groups affected by international issues. 2) The fact that interdependence is a process means that it is not a goal. Governments' foreign policy goals are in large part determined by their domestic realities. One may distinguish between two ideal-types of states with respect to foreign policy goals. There are those states whose first concern is their own "internal development, or transformation, or conservation." (271). These nations tend to be most concerned with their absolute gains on the world stage – obtaining whatever good is deemed necessary for their domestic enhancement. The second ideal-type consists of those nations which are most concerned with their role and influence in the world arena, and which tailor their domestic policies to these international objectives. These states tend to be more concerned with maximizing their relative gains. Interdependence can be interpreted as providing both a set of restraints upon, and opportunities for, states engaged in pursuing these domestic objectives.

In order to consider how states have reacted to this set of restraints and opportunities, one must examine "the kinds of policies followed in response to domestic factors, and the kinds of domestic factors that have influenced these policies." (275). There have been two types of approaches to minimizing constraints on domestic policy and maximizing opportunity. First is the establishment of procedures of cooperation that allow states to pursue their domestic goals without endangering economic interdependence. There is the "Atlantic" network, organized around the U.S. and including the OECD countries, the West European network, and the network of "First World-Third World" relation. The second approach is the adoption of policies which, purposely or not, weaken international economic interdependence. Hoffmann divides this type of approach into 3 categories:

- 1) State actions of self-enhancement which are detrimental to interdependence. Examples: OPEC's actions in 1973 and following, states' establishment of profitable arms exporting industries which only serve to multiply wars, with harmful effects for economic interdependence.
- 2) State reactions against the constraints of interdependence. Move to floating exchange rates in the early 1970s, moves by developing nations to gain control over foreign enterprise, the disregard of the Reagan administration for the international effects of its economic policies.
- 3) State inaction due to domestic factors, which is dangerous for economic interdependence. Failure of EEC to adopt a common industrial policy, etc.

Hoffmann continues by clarifying the domestic factors that play a role in these moves to weaken interdependence:

- 1) The government itself plays the primary role in protecting the national interest, and integrating domestic and external concerns.
- 2) The role of bureaucratic structures in shaping policies on interdependence: the American Treasury Dept, etc.
- 3) Specific interests, parties and ideologies which play a role in influencing statesmen: labor movements, interest groups, left or right wing parties.

On one level, Hoffmann sees a conflict between a global world economy which seeks global solutions to its problems, and the fragmentation into sovereign states. On this level, it would seem that a "leap beyond the nation-state" (280) to a sort of world government or very important broadening of global institutions would be necessary. Hoffmann sees this sort of prescription as unrealistic because of governments' aversion to relinquishing sovereignty. He notes that in the past this contradiction was managed by trial and error, because of the combination of restraints and opportunities interdependence imposes. But he sees, at the time he is writing, 3 main areas of concern:

- 1) The successful management of the past was related to two conditions which he sees as no longer holding true: regular economic growth, and the preponderance of the U.S.
- 2) The willingness of states to bear the costs of interdependence is being eroded by states' ability to manipulate one another accidentally through their domestic policies or intentionally through their foreign economic policies. This kind of manipulation highlights the unevenness of state power, making interdependence difficult to bear for the strong, who are tired of sacrificing for the weak in order to maintain the system, and the weak, who have difficulty accepting manipulation by the economic policies of the strong.
- 3) States have difficulty resisting domestic pressures against interdependence. States are becoming responsible for more and more of their citizens' welfare, while free trade and interdependence create the threat of shocks to the domestic economy, and domestic groups are more and more assertive about limiting their gains to what might be required for international competition.

These factors create a contradiction between the near-universal desire for free trade and development, and the revolt against the costs that such global development brings with it.

What can be done to make these two compatible?

Statesmen are not going to pursue interdependence as a goal unless it is compatible with their interests. Thus, the problem lies in ensuring the "compatibility of national objectives," reconciling different domestic imperatives across nations. Hoffmann recommends that states' follow a domestic path: reducing domestic vulnerability to external shocks through improved management of the economy (anti-inflationary policies), reducing dependence on outside suppliers who might be able to blackmail the state into paying an outrageous economic or political price for their goods, and domestic policies of adjustment to the vagaries of international trade. Internationally, there must be attempts at "mutual damage limitation" (286), a search for areas of mutual gain, and a focus on common security or a common political will to minimize relative power calculations.