

Entangling Alliances:
Presidents and Strategic Issue Linkage in International
Negotiations

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Abstract

Why are issues linked in international negotiations? I propose one mechanism by which executives can use agenda control to both force and block linkage in international negotiations to their advantage. In so doing, I improve on Putnam (1988) by demonstrating that the negotiator's structural position in a divided government allows him to shape international negotiations to the negotiator's benefit even without the use of side payments. Developing insights from a spatial model, I examine case studies drawn from U.S. issue linkage and non-linkage from the Nixon administration to demonstrate the theory's plausibility. I also reanalyze the case of the Anglo–Japanese alliance as presented in Davis (2009) to demonstrate the model's applicability to other settings and my model's greater ability to explain the emergence of issue linkage than existing approaches. I conclude that the importance of executive autonomy may lie not in the ability to force linkage but to resist it.

Introduction

From 1969 to 1972, President Richard Nixon and his administration sought to secure voluntary export restrictions on Japanese textile imports against the advice of both the Council of Economic Advisers and the State Department. Nixon and National Security Adviser Henry Kissinger ultimately succeeded by linking textiles to the return of the American-occupied prefecture of Okinawa. Yet despite a similar threat to the same industry from Taiwan, Hong Kong, and South Korea and the availability of similar negotiating leverage, Nixon and Kissinger equally steadfastly—and equally successfully—resisted all efforts from inside and outside their administration to link security and trade to press for a similar pact.

Why could President Nixon force Tokyo to accept an unpalatable deal while keeping linkage off the agenda in another? Answering that question requires addressing a more fundamental puzzle: When and why will states link issues in international negotiations? Early influential works analyzed mutually beneficial issue linkages (Tollison and Willett 1979) and issue linkages in international organizations (Haas 1980). They broadly agreed that issue linkages emerged when states agreed on mutually beneficial arrangements (possibly including side payments) and when the issues being linked were in some way germane to each other. More recent work has sought to incorporate Putnam (1988)'s insights about the relationship between domestic and international negotiations, both in qualitative (e.g. Schoppa (1997)) and game-theoretic (e.g. Lohmann (1997)) works. Although such works represent an advance in our understanding of issue linkage, they still largely proceed from an assumption that negotiations take place among equals and that negotiators seek to maximize the national interest. It is in this spirit that another influential linkage scholar, Sebenius (1983) approvingly quotes an eighteenth-century French diplomatist that “the great secret of negotiation is to bring out prominently the common advantage to both sides and to link these advantages that they may appear equally balanced to both parties.”

I go beyond this tradition. Explaining linkage when both sides benefit more or less equally is both less interesting and less important than explaining how one state can use linkage to

force another one to accept an asymmetric deal. I assume instead that relations among states in the postwar period have more often proceeded as if states were arranged in a *de facto* hierarchy. Consequently, superior states can approach international negotiations with inferiors as if they were ultimatum games. The most prominent example of such interactions is the United States' relationships with its NATO allies and other aligned states. As U.S. economic primacy ebbed from the mid-1960s, the United States frequently engaged in trade disputes with states with which it maintained friendly security relations. Such contentious negotiations mobilized protectionist interest groups even as successive presidents sponsored GATT and WTO rounds to liberalize the global trading system. Because the American president was simultaneously the "leader of the Free World" and also a veto player in domestic U.S. debates over trade, I contend that the White House was ideally placed to manage such disputes in order to maximize presidential—not national—advantage.

I propose a simple spatial model with three players (an executive, a domestic legislature, and a foreign government) to show how an executive player that has agenda-setting powers can structure such negotiations to the executive's advantage. I proceed to case studies of the Nixon administration's selective use of linkage between economic and security issues to demonstrate the implications of the model. One case explores the U.S.–Japanese negotiations over textile exports, a second analyzes the Nixon administration's parallel efforts to resist linkage in relations with Taiwan, and a third examines the limit case of the United States and Canada, which featured an economic threat in the same league as the textiles case but in which the U.S. had no security leverage. I then re-analyze the Anglo–Japanese alliance as presented in Davis (2009) to demonstrate that my model can explain issue linkage more parsimoniously than existing theories. I conclude by evaluating the model's applicability to and implications for a unipolar but increasingly institutionalized world.

Theory

I first establish that the president has the power to set the agenda of foreign policy debates in the United States and elsewhere, but that the exercise of this prerogative is constrained by the structure of the U.S. government as well as by the international environment. Although Neustadt (1991) and other students of the presidency and American foreign policy long emphasized the weakness of the president (Allison and Halperin 1972; Halperin 1971; Halperin, Clapp and Kanter 2007), more recent scholarship stresses the wide array of prerogatives, including the veto, recess appointments, and regulatory authority, that the president exercises unilaterally. A related strand of research examines interbranch relations and the exercise of formally-defined presidential powers (Moe and Howell 1999; Cameron and McCarty 2004; Howell 2005; de Figueiredo, Jacobi and Weingast 2006; Cameron 2006). As Cameron writes, this newer approach “shifts the analytic focus from the personality or psychology of individual *presidents* to the institutional character of the *presidency*.” IR scholars have productively drawn on this literature. For instance, Martin (2005) rejects the assumption that “Congress cannot and does not constrain the president” even in the exercise of powers that are unambiguously unilateral and self-executing, such as a president’s decision to submit an international agreement to the Senate for ratification or to sign an executive agreement instead.

By forcing analysts to carefully identify which powers the president may exercise unilaterally and which require persuasion and negotiation, by paying attention to how the actors’ anticipation of vetoes leads them to pick their battles (creating selection effects that complicate scholarly efforts to judge institutional power by toting up legislative wins and losses), and by emphasizing models that explain both the occurrence and the nonoccurrence of visible rivalry, the new school of the presidency literature allows for the investigation of inter-branch competition in international negotiations. In particular, the approach allows us to finally overturn Wildavsky (1998)’s notion of the “two presidencies.” Although Wildavsky’s article is better remembered for its use of “congressional box scores” to argue that

presidents were better able to secure legislative victories in foreign-policy issue areas than in domestic policies (a position reassessed in Sigelman (1979) and Fleisher, Bond, Krutz and Hanna (2000)), his theory was in fact more ambitious than his quantitative evidence suggests. From his first sentence—“The United States has one president, but it has two presidencies; one presidency is for domestic affairs, and the other is concerned with defense and foreign policy”—Wildavsky divided the presidency into two halves that had little to do with each other. Much writing about the presidency has continued along this vein. I suggest that we can retain Wildavsky’s original formula but reject the notion that the two presidencies are separate. They are, instead, constantly entwined, and a major reason why the president *qua* president has dominated American domestic politics and international affairs is precisely the fact that he stands at once as the elected head of the executive branch of the U.S. federal government and as the sole authorized representative of U.S. interests in international negotiations.

In addition to retaining a critical role in legislative politics, as Zelizer (2009) and many others have argued, the Cold War allowed the president to dominate both domestic and alliance politics. In the first Nixon administration alone, the president unilaterally ordered the Cambodian incursion, conducted the Linebacker raids on Hanoi (the “Christmas bombings”), announced the Guam Doctrine, overturned the Bretton Woods monetary system, and opened relations with the People’s Republic of China—all without consulting Congress. Even though Nixon, like all presidents, was affected by domestic political calculations, he nevertheless enjoyed broad autonomy in choosing the timing and the specific content of many of his most significant decisions. It also matters that the president’s continuation in office is not dependent on maintaining support in the legislature, barring the exceedingly rare case of impeachment. Because the president, unlike a prime minister, shares neither a constituency nor a partisan link with the legislature, the executive has distinct and potentially conflicting interests with Congress. Presidents have long enjoyed similar autonomy with respect to their allies abroad, from Eisenhower’s decision to oppose the Anglo-French move against Nasser

to Kennedy's decision to cancel the Skybolt missile program.¹ As we will see, even when policymaking is subject to vetoes by Congress and a foreign government, presidents retain the latitude to shape policy to their advantage.

Having considered the institutional setting of the theory, let us now consider the phenomenon of issue linkage in negotiations. Empirical assessments of issue linkages have offered mixed results about whether linkage is successful or whether it is even frequently employed. For instance, Tomz (2004) finds little support for the hypothesis that creditors compel repayment of sovereign debt by threatening retaliation in trading relationships. Nevertheless, scholars generally concur that issue linkage exists and that it can be influential. Davis (2004) finds that issue linkage in the context of global trading organizations has accelerated agricultural trade liberalization, Poast (2010*a,b*) finds that security and economic linkages have substantial effects in European alliance formation and trade negotiations, and Dreher, Sturm and Vreeland (2009*a,b*) present evidence that the United States uses its dominant role in certain international organizations to purchase support from rotating UN Security Council members.

Theories of two-level games explore a different type of linkage, the resolution of simultaneous international and domestic negotiations (Putnam 1988; Evans, Jacobson and Putnam 1993). Putnam's original work has been extended by studying, among many other topics, how domestic side-payments affect international bargaining (Mayer 1992), the role of transnational and alliance factors in affecting domestic-international interactions (Knopft 1993), how veto power and agenda-setting power affects bargaining (Mo 1994, 1995), the effects of asymmetric information on ratification of agreements (Iida 1993), and the impact of unexpected election outcomes in triggering the failure of attempts to ratify treaties (Milner and Rosendorff 1997). Particularly relevant for my argument are works by Schoppa (1993, 1997) that apply Putnam's framework to U.S.–Japanese negotiations in order to both clarify

¹It is a quirk of history, but a significant one, that throughout most of the Cold War, and down to the present day, presidents' counterparts in international negotiations were usually parliamentary leaders who were far less autonomous relative to their parties and their legislature.

the conditions necessary for two-level game logic to take hold and also to explain variations in dispute settlements by issue areas.

Despite the obvious theoretical overlap between the literatures, the first generation of the two-level games literature developed separately from the issue-linkage tradition. It is striking that the major division among the contributions in the Evans, Jacobson and Putnam (1993) collection is between two sections labeled “Security Issues” and “Economic Disputes” with no systematic attempt to investigate whether movement along one dimension affects progress along the other. Schoppa investigated “synergistic linkages” in his case studies of U.S.–Japanese trade negotiations, but it is unclear how and why issue linkages stick, nor does he consider the effect of domestic institutional variation on negotiation outcomes. Lohmann (1997) unites the two strands to demonstrate not just the wider range of solutions available in a multidimensional policy negotiation but also how the inclusion of domestic actors could result in negotiators’ reaching more credible commitments. Like Lohmann, my model combines issue linkage and two-level games, but my model emphasizes the executive’s agenda control instead of assuming the actors move simultaneously. Furthermore, Lohmann’s negotiations are structured as repeated-play prisoner’s dilemmas, similar to those in McGinnis (1986), but this presumes that the absence of cooperation necessarily leaves both sides worse off. My model takes a slightly different view of negotiations, in which failure to conclude a new arrangement means merely that the status quo continues. This is a more generalizable model, as it does not require issue linkages to be germane *ex ante*. Indeed, I argue that my model’s ability to explain linkages among non-germane issues is a significant advantage. As Schoppa notes, some linkages (like the inclusion of Japan’s purely domestic large-store law in negotiations over bilateral commerce) in international negotiations are unexpected; moreover, as I explain further, there is no reason to think, as Haas as well as Tollison and Willett presume, that issues must be intrinsically connected for linkage to exist.

A model of issue linkage with executive agenda control

How can the president's institutional position linking international and domestic policymaking processes allow the executive to influence policy outcomes? Consider a model in which a president, P , can propose a policy, π , subject to veto by either the Congress, C , or a foreign government, F .² The reversion point is the status quo for policy I , denoted q_i . Each player has an ideal point for that policy domain (represented by p_i , c_i , and f_i), $c_i > p_i > f_i$. For simplicity's sake, I assume throughout that $q_i \leq c_i$, although this is not strictly necessary. Utility functions for all players are increasing in negative distance and so $u(P)$ increases as $\pi \rightarrow p_i$ and similarly for all players. I leave the functional form of each player's utility function unspecified but stipulate that it is the same for each. Player C will veto π when $|c_i - \pi| > |c_i - q_i|$; the decision rule for F is equivalent. I describe range of values of π that C and F will accept as c_a and f_a , and so the set of bargaining options is $\{c_a \cap f_a\}$. All actors are perfectly informed about the preferences and actions of other players.

In this one-dimensional model, the president will choose π such that:

$$\pi = \begin{cases} q_i & \text{if } \{c_a \cap f_a\} = \emptyset \\ \{x \mid \min_{x \in \{c_a \cap f_a\}} (|p_i - x|)\} & \text{if } \min(|p_i - x|) < |q - x| \\ q_i & \text{if } \min(|p_i - x|) > |q - x| \end{cases}$$

An impasse exists in policy I if there is no bargaining room (that is, if c_a and f_a do not overlap).

I assume that the president is able to propose package deals linking issues in order to move foreign governments and Congress. This essentially allows some faction in either the congressional or international coalition to overcome their resistance to the presidential proposal by reaping the benefits of the combined deal. Here, the agenda-setting mechanism permits the president to link the outcome of negotiations over I to a new policy, Policy

²Congress and the foreign government are modeled as unicameral legislatures, and so technically C and F are the median voters within the governing coalition, C_M and F_M .

$J \in N$, where N is a finite set of all policy dimensions. The availability of another issue dimension is critical to the theory. The notion that issues exist in a multidimensional policy space is not original (see, for instance, ? and Busch (2007), in which precedent as well as policy preferences play roles in determining actors' moves in judicial fora) and is intuitive. We normally conceive of economic and security issues, broadly speaking, as inhabiting different parts of the political universe. The theory is indifferent to what those issues are, so long as they can be assumed to be orthogonal. This is probably valid when we are considering issues as disparate as, say, environmental protection, arms control, international trade, and human trafficking, in which the connections between issues (both intrinsically and, probably more important, bureaucratically) are few. On the other hand, the closer issues become (for instance, an arms control treaty that deals with the distinct yet obviously closely related issues of arsenals of submarine-launched, ground-based, and bomber-delivered nuclear warheads), the more easy substitution among issues becomes, until the items under discussion are completely fungible.

As with policy I , the status quo for policy J is q_j and ideal points are denominated by p_j , c_j , and f_j . The same inequalities hold for ideal points in policy J as in I . In policy space IJ , the status quo q_{ij} is given by (q_i, q_j) and ideal points by (p_i, p_j) , (c_i, c_j) , and (f_i, f_j) . I assume a common measure of utility and so policy space IJ is expressed in weighted Euclidean space. For simplicity, the weights that all players place on policies I and J are equal ($P_i^w = P_j^w = C_i^w = C_j^w = F_i^w = F_j^w$).

In two-dimensional space, the decision rule for C is slightly different:

$$\begin{aligned} & \text{Veto } \pi \text{ when } d(\pi, c_{ij}) > d(q_{ij}, c_{ij}), \\ & \text{given } d(\pi, c_{ij}) = \sqrt{(\pi_i - c_i)^2 + (\pi_j - c_j)^2} \\ & \text{and } d(q_{ij}, c_{ij}) = \sqrt{(q_i - c_i)^2 + (q_j - c_j)^2} \end{aligned}$$

and $d(q_{ij}, c_{ij})$ is defined similarly; the rule is stated equivalently for F . The definition

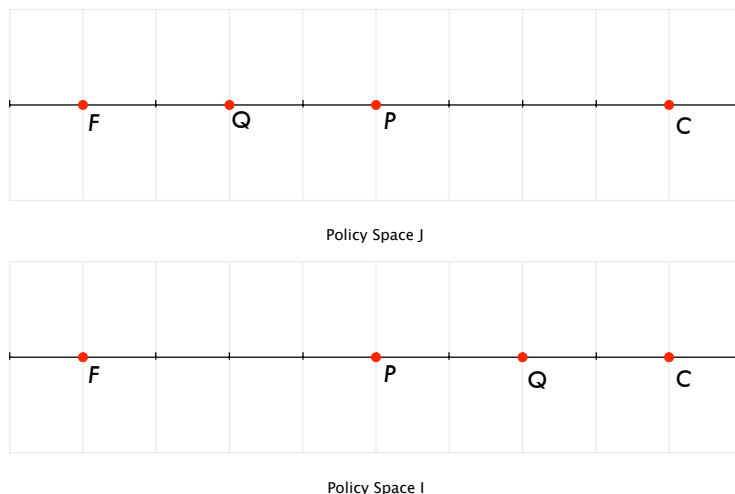


Figure 1: Policy spaces I and J in a unidimensional view.

of bargaining spaces in the two-dimensional model is similar to that given in the one-dimensional model.

Possibilities arise in the two-dimensional model that are inconceivable in either one-dimensional space considered separately. (Abbott 1885) To take a stylized example, assume $p_i = \frac{1}{2}(c_i - f_i)$ and $q_i = \frac{3}{4}(c_i - f_i)$. In policy space J , assume $c_i = c_j$, $p_i = p_j$, and $f_i = f_j$, but that $q_j = \frac{1}{4}(c_j - f_j)$. In this situation, policy in each dimension is at an impasse: C will veto any move away from q_i and F will similarly veto a shift away from q_j . (See Figure 1.) But when combined into IJ , P can propose π at (p_i, p_j) , offsetting the losses along I for C and along J for F with gains along the other axes—and, of course, maximizing utility for P . (See Figure 2.)

The president is better off in more realistic games. In Figure 3, even though F 's ideal point for J is 0, P can nevertheless shift π on the J -axis, although in this example doing so requires P to give up space on I . Figure 4 illustrates the different values of π in the simple two-player game (in which C negotiates directly with F) and in the three-player model presented here. Although C still finds π_P preferable to q_{ij} , it would prefer π_C even more.

This model is sufficient to lay the groundwork for the evaluation of self-enforcing issue linkage in a two-level context without side-payments or other less-than-parsimonious

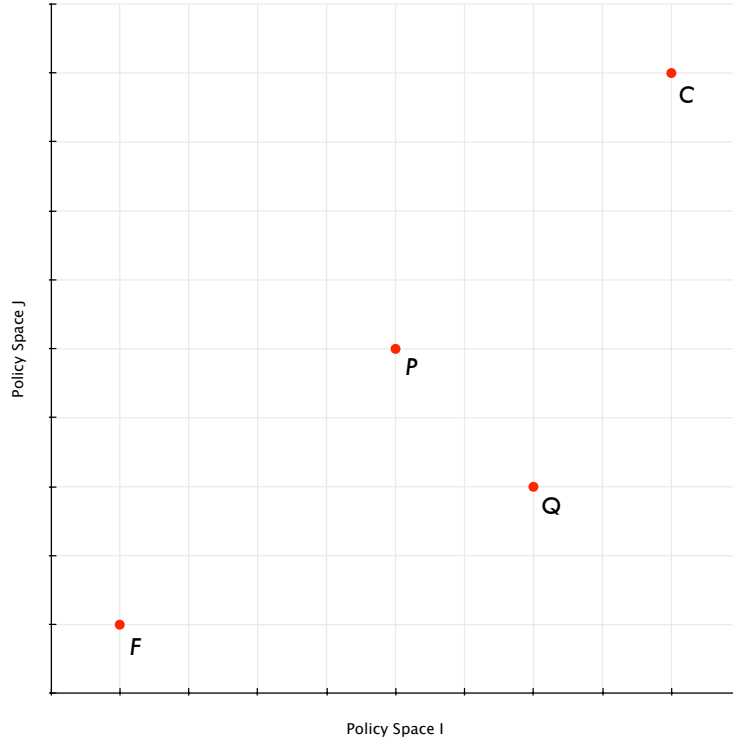


Figure 2: Policy space IJ in a two-dimensional view.

elements. Consistent with Bachrach and Baratz (1962), the model predicts not only what linkage will look like but also the process of “nondecisionmaking . . . which tends to limit the scope of actual decision-making to ‘safe’ issues.” As I show in the case studies, such unmeasurable elements are indeed meaningful. The idea that the president is able to act independently of Congress to set the foreign-policy agenda is empirically supportable. The assumption of agenda-setting power is arguably even stronger in the case of the president’s relations vis-à-vis allied governments, and it appears to have been the normal procedure during much of the Cold War. Violations of this standard such as Willy Brandt’s *Östpolitik* were regarded as exceptional precisely because the West German government took the initiative against American wishes. (Sarotte 2008) Similarly, the ordering of preferences is intuitive. Generally, Congress is presumed to be less generous toward other countries (or, framed differently, is more parochial) than the president. However, leaving the relationship between p_{ij} and c_{ij} undefined does not undermine the insight that the president will engage in linkage to his or her own benefit when possible and that none of the players will emerge worse off

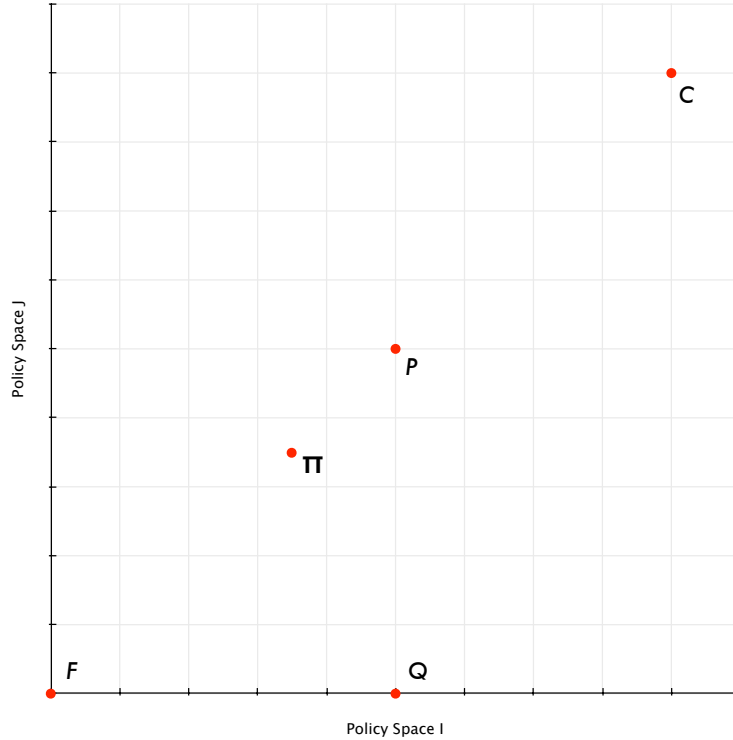


Figure 3: An extreme case, demonstrating how F 's recalcitrance can be overcome through linkage.

than before. It is also justifiable to model both Congress and the foreign government as having vetoes. Clearly, depending on the identity of the issue area and the manner in which it is operationalized, Congress will have either an explicit veto (by rejecting a treaty) or an implicit one (by denying funds). The mechanisms by which the foreign government operates its veto are more varied, but the definition of sovereignty implies that it will have some way of rejecting a proposal. Allowing either Congress or the foreign government also supplies an enforcement mechanism: In case of defection, either Congress or the foreign government can withdraw their cooperation, leaving both all parties worse off (or, strictly, no better off than they were before).

The assumption of complete information makes the model not only makes the model more tractable but it also makes sense in an alliance context.³ Actors within the U.S. political system have a difficult time keeping their ideal points hidden given the system's innate

³If the assumption of perfect information holds, the addition of further finite or infinite rounds of play will not affect the results, no matter what discount factor is chosen. (Cameron and McCarty 2004, 416–417)

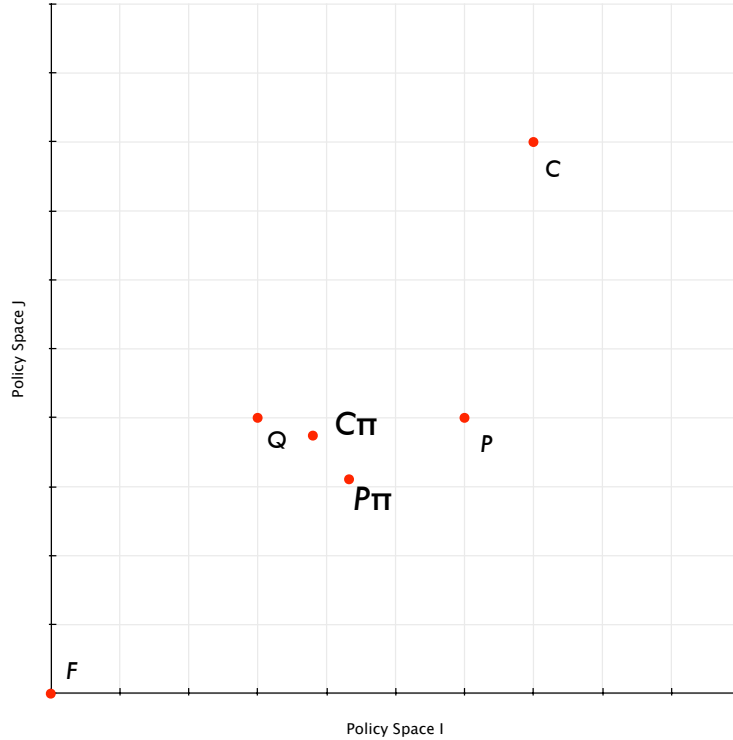


Figure 4: The difference between negotiation outcomes if Congress chose the policy.

openness. Foreign governments may or may not be subject to similar scrutiny, but it is plausible the executive branch can at least make educated guesses about their counterparts’ ideal points (and since the model presumes the foreign governments are allies, one suspects these guesses will be more accurate than assessments of adversaries’ intentions). If intelligence agencies and diplomats cannot furnish the White House with point predictions, they can at least estimate ranges for foreign governments’ preferences.⁴

Variations in the assumptions about the form of utility functions are more consequential

⁴It is widely known that the CIA and the NSA devote much of their budget to commercial intelligence and that they conduct operations against American allies. Due to the restrictions of the declassification process, it is difficult to say with certainty when and how American officials learn about their opposite numbers, but the circumstantial evidence suggests that in many cases they may know a lot in something like real time. During the U.S.–Japanese textile negotiations in the Nixon administration, for instance, Attorney General John Mitchell mentioned in a private Oval Office conversation with President Nixon that “after reading all the cables and everything else, I’m absolutely convinced that the Japanese know that this subject matter has to be handled—it’s got to be resolved, and that they don’t want to take the initiative on it but that they’d like to have it imposed upon them.”⁵ This is almost certainly a reference to internal Japanese communications, since he and Nixon had been decrying Foggy Bottom’s generosity toward Tokyo just seconds before. Although the U.S. government does not publicize its espionage operations, comments like Mitchell’s underscore that there are many ways for the American government to determine the ideal points of its interlocutors. (Sanger and Weiner 1995)

for the estimation of effects in specific issue areas but do not affect the general point. Consider, for instance, what would happen if C had a utility function of the form $u(x) = -|\pi - c_{ij}|$ and F had a function of the form $u(x) = -(\pi - f_{ij})^2$. In real-world play, this would translate into player F resisting more strongly any moves away from his ideal point on a given dimension, but within the logic of the model all that matters is that there remains some $\pi \in (f_a \cap c_a)$. If the weights players assign to different dimensions are allowed to vary as well, then the size and shape of the bargaining set will change. However, as long as the bargaining set is not an empty set, P will engage in strategic issue linkage.

Perhaps more important, the president is also in a position to *resist* linkage that he finds uncongenial. First, like the other players, the president has veto powers over both foreign policy and domestic legislation. Second, thanks to the Logan Act and the complexity of managing international information flows, the president is uniquely well-placed to research, negotiate, and implement international agreements, blocking Congress (which has additional institutional impediments, including bicamerality and bipartisanship) from going around the White House to reach its own agreements with foreign actors. These two factors imply that even if a foreign government or Congress may desire linkage between dimensions that would not maximize presidential advantage, the president will keep consideration of those issues separate.

Empirical assessments

I examine four cases of linkage occurrence or non-occurrence. Three of these cases come from the Nixon administration: two involve U.S. textiles trade policy (with Japan and with other East Asian exporters) and the third explores why linkage did not occur in U.S.–Canadian relations despite similar economic pressures. The fourth extends my analysis to re-interpret the case of Anglo–Japanese relations in the late nineteenth and early twentieth centuries as presented in Davis (2009).

I chose the cases from the Nixon era in part because the wealth of data available on presidential decision-making for this period is unmatched. Given this study's emphasis on presidential interest and the logic of linkage, the more unvarnished the information available about the decision to link, the more precise tests of the theory can be. Nixon and his staff assumed they would be able to withhold damaging materials after leaving office, and so they maintained scrupulous records. Among the unanticipated consequences of the Watergate scandal was the passage of this collection into public control without sanitization. Consequently, material that would have been withheld for political reasons in other presidencies has been made available, allowing for unparalleled access into otherwise unobservable aspects of presidential deliberation.⁶ The Nixon tapes only cover the period between February 1971 and July 1973, but the Kissinger transcripts of telephone calls (made by Kissinger's staff and also never intended for public release) fill in the documentary records for earlier periods and also provide material that is in many ways more valuable than the Nixon tapes. These verbatim and near-verbatim transcripts captured dozens of Kissinger's conversations about textile negotiations with other administration officials, Cabinet members, and, most important, Sato's backchannel to the Nixon White House on Okinawa and textiles.

Linkage: Japanese Negotiations On Okinawa Reversion and Textiles, 1969–71

The dispute between Washington and Tokyo over whether Japan would impose a comprehensive “voluntary” export restriction on its textiles industry consumed nearly three years of intensive diplomacy, involving two summit meetings, numerous ministerials, a variety of in-

⁶Because of the unique status of the Nixon records, they have been released by the National Archives according to different and usually less restrictive rules than those pertaining to such records for presidents before Carter (whose records, having been deeded by the presidents to the federal government, may have been sanitized) and afterward (in which case the records' release has been unsystematic and subject to challenges from both the incumbent White House and the former president). For more information on the legal framework for the release of presidential documents, see Cox (2002) and Smith and Stern (2006).

formal contacts, and a secret backchannel that was in almost constant operation for months.⁷ Destler (1976) accurately summarized most observers' bewilderment at the White House's tenacity:

The very contrast between the two issues—the 'high politics' of Okinawa versus the 'low politics' of textiles—makes even more astounding the political prominence that the textile issue attained and the bitterness it created, not just between the respective textile interests but among officials and even national leaders . . . How could the same two governments that were skillfully negotiating the return of Okinawa for the sake of a harmonious, long-term relationship be unable to negotiate a seemingly more simple and less consequential problem?

The principal Japanese negotiator in the critical stages of both negotiations, Kei Wakaizumi, wrote in his memoirs that "both sides had to pay a particularly high price, seemingly out of all proportion with the actual economic significance of the textiles problem" and referred to the entire process as an "act of historic folly." (Wakaizumi and Swenson-Wright 2002) The mystery is solved when we observe that the link between the textiles dispute and Okinawa reversion was the product not of irrational intransigence on the part of the Nixon administration but of hard-headed political calculation about the interests of the White House, the Congress, and the Japanese government. As Nixon explained in a conversation with aides, "When it comes to linking, I will make the link—military linkage, economic linkage, I'm for it. If it serves our overall interest, that's really what it's about."⁸

There was nothing to suggest that the two tracks of the negotiations would be joined. The United States seized the island of Okinawa during the Second World War. By the late 1960s, Washington was negotiating the terms of the prefecture's transfer to Japanese sovereignty.

⁷The narrative of the dispute between the United States and Japan over textiles policy is related in Destler, Fukui and Sato (1979); Destler (1976, pp. 23–35) recounts the essentials of the Okinawa reversion issue. Although new records releases have not changed the essentials of Destler's chronology or the major points of these accounts, they do allow for much greater specificity in attributing motives and actions to actors and in tracing the development of linkage.

⁸Taped conversation, Cabinet Conversation #53, 17 April 1971, Richard Nixon Presidential Library and Museum. Transcript by author.

Under the terms of the U.S.–Japanese security treaty, a simple gift of the island to Japan would end American rights to use the extensive military facilities the Pentagon had built on Okinawa to store, deploy, and maintain nuclear weapons systems, as such weapons were not permitted on Japanese sovereign soil. Izumikawa (2010) The United States demanded guarantees that it would be allowed to use Okinawa for that purpose, but such a guarantee would be extremely damaging to the Japanese government. Sato, for his part, needed a quick Okinawan reversion to fulfill his public pledge to end the unpopular American occupation of the prefecture. Accordingly, as Kissinger wrote in his memoirs, “[U.S.] refusal to negotiate an accommodation could well lead as a practical matter to our losing the bases altogether.” (Kissinger 1979, p.327) A 1969 State Department report assessed Sato’s goals as insisting on “nuclear–free return of Okinawa to Japanese administrative control by 1972,” which would frustrate the United States’s requirement to use Okinawa for nuclear weapons storage as part of its anti–Soviet and anti–Chinese deterrent.⁹

Washington and Tokyo’s interests also clashed over trade in textiles. The U.S. textiles industry, which employed one-eighth of American workers, faced a near–mortal threat from lower-priced imports from Japan, Europe, and East Asia. Nixon had defeated Hubert Humphrey in part thanks to the help of Southern textile mill interests, and so the pressure on the White House was intense.¹⁰ In a meeting with Southern legislators in August 1970, Nixon acknowledged that he owed his nomination at the 1968 Republican convention to the “thin gray line” that had helped him overcome challenges from Governors Ronald Reagan and Nelson Rockefeller.¹¹ Consequently, Nixon had an overriding political interest in secur-

⁹State Department Briefing Paper, November 1969, retrieved from the Digital National Security Archive.

¹⁰Nixon was not the only president to arrange for protection for textiles producers because of their political influence. John F. Kennedy had done so as well in devising the Long-Term Cotton Agreement during his term as president; not only did Kennedy owe Southerners for his narrow victory, much as Nixon later would, but he was from Massachusetts, which in the early 1960s still had an important if fast-declining textiles sector. However, Kennedy’s bargaining over the textiles trade took place in an almost exclusively economic and multilateral context. See the discussion and transcript of Kennedy’s conversations (Kennedy, like Nixon, taped many of his deliberations) in (Naftali 2001, p.566–592).

¹¹The “thin gray line” is a reference to the battle colors of the Confederacy. Petersmeyer to Brown, 12 August 1970, Richard Nixon Presidential Library. Nixon’s pledge had been made in a telegram to congressional Republicans on 21 August 1968. “Nixon outlines views on textile imports,” n.d., Nixon Presidential Library and Museum. The South’s support for Nixon entitled it to symbolic and substantive favors from

ing a voluntary textile export restriction from the Japanese government not only to repay his political debts (and shore up his position for the 1970 and 1972 elections) but also to stave off congressional action on textiles imports that might jeopardize the administration's broader policy goal of further liberalizing the international trading order. Were Nixon to fail to obtain Japanese restraint, Congress might pass more sweeping protectionist legislation over his veto covering a much wider array of products as other lobbies demanded their own safeguards. But Japanese textiles exporters were a major part of Sato's coalition, making it impossible for him to concede unilaterally on the point. (Ito (2003); Buckley (1992).)

Crucially, unlike Commerce Secretary Maurice Stans, Nixon was uninterested in pursuing protectionism for protectionism's sake or even for the sake of what would later be called strategic trade theory. (Stans 1995, pp. 152–167)¹² Nixon saw his goals in the textiles negotiations as entirely political, domestic, and limited. In a conversation with aides in 1971, Nixon admitted that his position was intellectually indefensible from an economic point of view:

If [the new trade round] is going to have the chance of a snowball in hell, if we don't get something on textiles . . . what I'm really saying here is, raising Henry's question 'Is textiles worth it?' The answer is 'Not at all.' Let's forget textiles.

the White House. In early 1969, a presidential aide (almost certainly senior adviser Bryce Harlow, assistant to the president for legislative affairs) promised action on textiles and schools to Southern leaders in a letter was signed "General Robert E. Lee." Anonymous, n.d., in Richard Nixon Presidential Library. The letter was found in Harlow's files and is similar to his other work. Furthermore, the letter mentions the ABM system vote in Congress and Otto Otepka, a State Department official who was a conservative *cause celebre* on whose behalf the White House had tasked Harlow to work. See Goldwater, Barry. *Pure Goldwater*. Eds. John Wesley Dean and Barry Goldwater, Jr. 2008. Macmillan. pp. 218-220. A memorandum to the president in advance of a meeting on textiles reminded Nixon that "Textile industry leaders raised a considerable sum which was used to run a special operation in key Southern states, all of which were carried except Georgia." Their support had been delivered in return for a promise to "better enforce the long-term cotton textile agreement . . . and to extend the same concept . . . to man-made and woolen textile product imports." Timmons and Dent to Nixon, 8 June 1970, Richard Nixon Presidential Library. See also Dent to Haldeman and Ehrlichman, 3 February 1969, Richard Nixon Presidential Library, urging a textile agreement and other policy bouquets to the South in order to establish a "two-party system" there and boasting that "The textile mills contributed much of the extra effort money used in the Southern campaign. I helped collect and spend it."

¹²Undersecretary of State U. Alexis Johnson, a frequent participant in the discussion, notes that Stans' right-hand man on textiles, Stanley Nehmer, openly described Stans' policy as seeking Japan's "unconditional surrender"—a phrase that the administration subsequently tactfully kept out of the dialogue. (Johnson 1984, p. 549)

Maybe they shouldn't be made here. Maybe they should all be made in Taiwan, and Korea, and Japan, and Communist China—fine. . . . Probably so. But right at the present time, for us to go forward on our trade initiatives, for us to have a delaying action in terms of the whole congressional quota thing, we gotta win one.¹³

The administration did not want to be any more venal than necessary: in 1972, when presidential aides discovered that former attorney general and campaign manager John Mitchell had promised the textiles industry that Nixon would impose four additional bilateral textile restrictions by the end of that year, the White House declared that there was “no non-political justification” for the deal and angrily instructed the textiles industry that it was void.¹⁴

In pushing for protection for textile interests, Nixon overrode not only his economic advisers' counsel but that of Kissinger and the State Department as well.¹⁵ Like most of the senior political players in the administration, Nixon regarded Foggy Bottom scornfully because of its resistance to pressing American advantages over Japan.¹⁶ More surprising

¹³Taped conversation, Cabinet Conversation #53, 17 April 1971, Richard Nixon Presidential Library. Transcript by author.

¹⁴Jim Loken, memorandum to the file, in the Flanigan Staff Member Office Files, File “Textile Import Restraint Program,” 10 August 1972, Richard Nixon Presidential Library. See also Flanigan to Nixon, 31 July 1972, Richard Nixon Presidential Library.

¹⁵Nixon's economic advisers relentlessly pressured him to support only free-trade programs. In a 1970 memorandum, Council of Economic Advisers Chairman Paul McCracken wrote Nixon warning him that pursuing comprehensive restrictions would jeopardize inflation-fighting efforts and undermine trade liberalization. Bill Timmons, who had succeeded Harlow as legislative liaison, countered that “statesmanship in trade matters—particularly textile import quotas—will not earn the President any kudos in Congress.” (McCracken to the President, 7 April 1970, Richard Nixon Presidential Library; Timmons to the Staff Secretary, 17 April 1970, Richard Nixon Presidential Library. Documents) Some despaired: Arthur Burns, later Nixon's Federal Reserve chairman but first a counselor to the president on economic policy, had written in his diary at the outset of the administration that Nixon “wants to be a good President, really a president of all the people. I can hardly recall a single partisan utterance.” A few months later, after engagement in the textiles negotiations and other matters, Burns had changed his tune: “Once again, I found myself asking: Have I misjudged Nixon? Does he have any real convictions?” (Arthur Burns Journals, entries for 3 February 1969 and 18 August 1969, Gerald R. Ford Presidential Library and Museum. Online: <http://www.fordlibrarymuseum.gov/library/document/Burnsj/burnsj.asp>.)

¹⁶A conversation between Nixon and Connally captures the flavor:

Connally: Now, we've got a problem with Japan, I've been raising it with the State Department about that—

Nixon: Oh, Christ, they'll bite you in the ass—

was Kissinger's reluctance to carry out the president's orders. When first informed of the textile dispute just days into the presidency, Kissinger's first impulse had been to dismiss the proposal on the grounds that it was both bad economics and bad foreign policy.¹⁷ It took the intervention of first Nixon's chief of staff H.R. Haldeman and then Nixon himself to bring Kissinger into line.¹⁸ Consequently, neither the Southerners nor the political operatives ever viewed Kissinger as fully reliable on the matter.¹⁹ Regardless, from the spring of 1969, Kissinger would play a central role in implementing Nixon's agenda.²⁰

...

Connally: I know it! Well, all I'm saying is that I constantly give 'em hell. So I sent a message to Dave Kennedy myself and, well, they come back, and the ambassador to Japan [Armin Meyer]—

Nixon: Oh, Christ, he's worthless!

Taped conversation 486-3, 22 April 1971, Richard Nixon Presidential Library. Transcript by author. See also Taped conversation 295-15, 16 November 1971, Richard Nixon Presidential Library. Transcript by author. Arthur Burns' diary contains similar sentiments. Describing a briefing on European textile imports by the State Department, Burns wrote that "I kept wondering whom the State Department fellows represented." Arthur Burns Journals, Entry for 19 February 1969, Gerald R. Ford Presidential Library and Museum. Online at Ford Presidential Library Web site. Career foreign service officer and Nixon/Ford textile negotiator Michael Smith described the State Department of this era as being infected by "clientitis." Oral history interview with Michael B. Smith by Charles Stuart Kennedy. Frontline Diplomacy, Manuscript Division, Library of Congress, Washington, D.C. Online: <http://hdl.loc.gov/loc.mss/mfdip.2004smi04>.

¹⁷"A political amateur, I did not think it appropriate to pick out one industry for special consideration I therefore stalled, hiding behind the NSC decision-making process. I was soon educated: Nixon told me in no uncertain terms that he meant to have a textile agreement and that as a Presidential Assistant I was to contribute to the objective." (Kissinger 1979, p. 330) Kissinger's stalling began at least on January 22, according to the transcript of a phone call with Nixon aide Bob Ellsworth. Kissinger Telcons, 22 January 1969, 11:45 a.m., Richard Nixon Presidential Library and Museum.

¹⁸The instruction came in a telephone call from Haldeman to Kissinger on 3 February 1969 at 7:20 PM. Kissinger Telcons, Nixon Presidential Library.) Handwritten note of Robert Ellsworth, 4 February 1969, Richard Nixon Presidential Library.

¹⁹See Dent to Peterson, 13 July 1971, Richard Nixon Presidential Library: "The President should understand the undercutting job that has been going on within his own Administration as this mission sought to be accomplished in a successful manner. One word from him to the Kissinger shop and the State Department would help immeasurably." See also Dent to Ellsworth, 21 March 1969, Richard Nixon Presidential Library files: "The textile executives are very pleased. . . . Now all we have to worry about is the group in the basement." Kissinger's office at the time was in the White House basement. "From Furth to the White House Basement," *Time*, 14 February 1969.

²⁰Gowa (1983) stresses that when the Nixon administration decided to suspend the convertibility of gold in August 1971 the administration was relatively unified in its approach to economics and policy: "The boundaries of the controversy were, in other words, accepted by virtually all participants; the controversy itself focused on a peripheral issue rather than one of central importance." Here, the pattern was reversed: within the administration, only Nixon and his closest political aides held firmly to the principle that textiles should be subject to restrictions. Nevertheless, Nixon was able to impose his will on the bureaucracy and force a wide variety of aides and departmental officials to carry out policies they believed were either venal or hypocritical. When he was unable to do so, or when he distrusted such aides to bring about the resolution he sought, Nixon still had the ability to reach out to Sato directly via summit meetings and the Kissinger-

Nixon decided to link textiles to Okinawa around May 1969, after the NSC had concluded that further attempts to seek Tokyo's unilateral concessions on either issue would be fruitless. Although Nixon raised the textiles and Okinawa issues in a conversation with Wakaizumi at the Western White House in San Clemente in August 1969 (Wakaizumi and Swenson-Wright 2002, pp. 136–143), the Japanese resisted tying the issues together because of their fear that linkage of any sort would weaken their hand.²¹ The State Department was also wary of linkage because its area experts feared driving too hard a deal could wreck U.S. relations with the Japanese.²²

Throughout the autumn, Kissinger and Wakaizumi relayed their respective patrons' wishes and wrote the script for the Sato–Nixon summit on 19 November 1969.²³ (Kissinger, enjoying the secrecy of the negotiation, referred to Wakaizumi as “Mr. Yoshida.” Wakaizumi, in the same spirit, addressed Kissinger as “Dr. Jones.”) The linkage became delicate as the conversations moved into specifics, particularly over the nuclear issue. Both “Jones's” and “Yoshida's” naturally elliptical conversational styles became nearly impenetrable as the horse–trading became more explicit:

[Yoshida] said his friend would take up item 2 on the second day. Y's friend agrees with the substance and the procedures. But there has been progress on item 2 in the last few days. Next Monday, they are going to have something in Geneva so there might be some modification of this between our two friends [that is, Nixon and Sato]. But in principle Y's friend will stick to the procedure. . . . Y's friend emphasized the need of separating item 2 from item 1. These two items will be taken up separately on different days. Item 2 should not be included in

Wakaizumi channel.

²¹Kissinger to Nixon, 29 May 1969, Nixon Presidential Materials via the Digital National Security Archive.

²²Kissinger to Flanigan, 20 October 1969, Richard Nixon Presidential Library and Museum. Note that Kissinger's explanation of the linkage held that it was not to be formal, but “tacit”; yet his telcons with Wakaizumi from the same period clearly show that progress the two issues were inextricably linked. In any event, by January at the latest the State Department had been informed of at least the important parts of the deal. Telcon, Kissinger and Johnson, 19 January 1970, Nixon Presidential Library.

²³Literally: In a telephone conversation the evening of 19 November 1969, Kei and Kissinger decided on the order in which their principals would suggest, reject, and compromise on various proposals. Telcon, Kissinger and Yoshida, 19 November 1969, Nixon Presidential Library.

item 1 and should not be made public in any form.²⁴

At the November 1969 summit, Nixon prevailed on the two critical points. After months of work through the Wakaizumi–Kissinger channel, the deal on Okinawa included the nuclear-use provisions that the Nixon administration insisted on. The Japanese required that their concessions on this most sensitive point be kept secret.²⁵(Wakaizumi and Swenson-Wright 2002) The deal also included a \$405 million payment as compensation for the improvements the Defense Department had made to the island’s infrastructure and a secret \$103 million interest-free loan, deposited at the Federal Reserve Bank of New York (worth roughly \$610 million in 2010 dollars).²⁶ On textiles, Nixon secured Sato’s agreement that Tokyo would restrain its export industry. The Japanese were also adamant that the textiles deal be kept quiet, a point that consumed almost all of Sato’s meeting with Secretary of State William Rogers.²⁷ Nixon and Kissinger kept their end of the bargain so well that the State Department was apparently unaware of it for weeks. Armin Meyer, the U.S. ambassador to Tokyo, was probably never informed, and insisted that no such deal had been made. Meyer (1974) But the administration found that it soon became necessary to make the deal’s existence known, quietly, in order to quell internal dissent, and the media quickly suspected a deal had been cut anyhow.²⁸

Consummating the 1969 agreement proved more difficult as Sato encountered domestic opposition. As Tokyo delayed, pressures from Congress on Nixon became more intense, and legislators threatened both to pass retaliatory tariffs and to block action on Okinawa. These moves, of course merely gave the Nixon administration ammunition to use with the Sato government. Discussions about implementation continued both via backchannels and

²⁴Telcon, Kissinger and Wakazumi, 15 November 1969. “Item 1” is clearly Okinawa; “item 2” is equally clearly textiles (talks on textiles were ongoing at the GATT in Geneva).

²⁵Wakaizumi was so distraught over both the nuclear-use provisions and the deception that Sato and he were responsible for that he later suicide. Pulvers, Roger. “Words of wisdom from beyond the grave of Japan’s secret pacts.” *The Japan Times*. 28 March 2010.

²⁶Unlike the infrastructure payment, the loan was kept secret for decades. Hayashi, Yuka. “Japan Kept Secret Deposit with Fed.” *The Wall Street Journal* 13 March 2010.

²⁷Memorandum of Conversation, “Economic and Trade Problems,” Department of State, 19 November 1969, retrieved from the Digital National Security Archive.

²⁸Haig to Kissinger, 3 December 1969, Nixon Presidential Library and Museum.

orthodox contacts throughout 1970 and 1971. The delay was not entirely or even principally a tactic by Sato to avoid honoring the agreement, even though he did want to claw back some of his pledges at the margins. Instead, Sato repeatedly instructed Wakaizumi to inform Kissinger that he wanted the matter settled as it had been agreed in 1969, a costly pledge that began to sap Sato's credibility with the administration. Sato was trying to live up to his agreement honestly if fruitlessly. Critically, despite the delay, the White House never delinked the Okinawa issue from textiles, and continually brandished the threat of additional tariffs. In 1970, Kissinger told a Japanese delegation that "in the absence of an agreement on textiles [the President] could not veto the [severely protectionist] trade bill now in Congress."²⁹ Sato, embarrassed by his seeming inability to deliver on the deal, pledged to do so at a second summit meeting with Nixon.³⁰ Kissinger, tipped off before the summit about Sato's desire to apologize, instructed Nixon to "in no way assuage Sato's conscience on the matter."³¹ To the contrary, the White House reminded Sato that the issues remained joined not only in the president's mind but in the eyes of Southern senators, and that submitting the Okinawa reversion agreement to the Senate as a treaty would allow such legislators a way to sink the entire deal.

The final act began with the twin Nixon "shocks" of July 15 and August 15, 1971. The first was Nixon's announcement that he would visit the People's Republic of China; the second was Nixon's declaration that he was taking the United States off the gold standard and imposing a surtax on imports. Having thus upset two pillars of Japan's foreign policy, Nixon informed the Japanese foreign minister in a private meeting that October 15 would be the latest date to settle the textiles issue amicably. When the foreign minister asked what

²⁹Kissinger went out of his way to disclaim that the Okinawa-textiles deal had been made in an "impromptu" meeting with the head of the Keidanren in October 1970, but his protestations were transparently disingenuous and calculated instead to remind Sato and the Japanese of the deal. State Department Memorandum of Conversation, in Flanigan Staff Member Office Files Box 11, 22 October 1970, Richard Nixon Presidential Library.

³⁰Kissinger was scathing about the Japanese in private: "If there is such a thing as a sense of honor in Japan, which I'm beginning to doubt, he gave you [Nixon] his word twice. He volunteered it the second time. We didn't ask for it, but he insisted on giving it." Taped conversation Cabinet Conversation #53, 17 April 1971, Richard Nixon Presidential Library. Transcript by author.

³¹Nixon to Kissinger, 24 October 1970, Richard Nixon Presidential Library.

would happen on the fifteenth, “the President replied that he could not say.”³² The Japanese government signed the voluntary export restriction the White House needed on October 15, and the Senate ratified the Okinawa reversion treaty on November 10.³³

Even though the administration had long since concluded that it had the unilateral authority to impose sanctions on Japanese textiles imports, it resisted doing so because to use that tool would be to open the door to the other protectionist groups whose claims the White House had so long rejected.³⁴ Nixon was able to link two issues that had little to do with each other, and to use that linkage both to forestall congressional action and to pry concessions from the Japanese government. The model can also accommodate the long delay in the final ratification of the deal. First, Sato continued to send costly signals that he intended to follow through on his end of the deal until the exogenously increased American pressure resolved the situation in the autumn of 1971. Second, although Sato, Nixon, and Kissinger misread the tolerances of the Japanese political system, in the end the matter was resolved essentially by reference to the same punishments for defection that had always been present: the threat of sanctions and of additional delays on Okinawa reversion.

Non-Linkage: Taiwanese Textiles Negotiations, 1971

The American negotiating position regarding Taiwan over textiles imports was superficially similar to the Japanese case. The United States was the principal security guarantor for Taipei, as it was for Japan. Taiwanese textiles exports to the U.S. market were increasing rapidly (in fact, the tigers soon threatened Japan’s market share). Consequently, the same political impulses that pushed the Nixon administration to seek voluntary export restraints in Japan led them to seek the same from the other Asian exporters as well.

³²Memorandum for the President’s File, 10 September 1971. Retrieved from the Digital National Security Archive.

³³A memorandum from U. Alexis Johnson suggests that linkage continued right until the end of the 1971 dispute. See *Foreign Relations of the United States*, Volume III, Document 87.

³⁴See, e.g., John W. Dean to Peter Flanigan and Jim Loken, 27 January 1971, John W. Dean Staff Member Office Files, Richard Nixon Presidential Library, and Peterson to Nixon, 10 August 1971, Richard Nixon Presidential Library.

Some in the administration suggested exactly that. In an April 1971 conversation, Treasury Secretary John Connally suggested threatening Taiwan and the other countries with a draw-down of American forces if they would refuse to give in. Nixon and Kissinger quickly vetoed the proposal:

Kissinger: My concern, Mr. President, is with [including] non-economic items, and especially with Taiwan ... [cross-talk]

Nixon: I think we all agree that there not be any whisper ... I believe in the case of Taiwan, particularly, you're going to have to keep that package on the basis of economics at this time. You move into submarines and the other, that will interfere with another, much bigger game that we're playing. ... You'd better take that out of your mind, don't even let that appear.³⁵

Their reluctance to introduce linkage in this instance was due to the secret negotiations with the People's Republic of China (of which Connally was unaware). (Dallek 2007) To waver on the American commitment to the Chiang Kai-shek government would jeopardize those talks, which Nixon and Kissinger saw as crucial to progress in Vietnam and in détente.

This was no offhand comment, but an accurate (if succinct) reflection of their policy. Indeed, resisting linkage was crucial to Nixon and Kissinger's broader policies, and Nixon could easily tamp down the same protectionist pressures he was allied with in the Japanese case. In a memorandum to the president the day before, Peterson (who was in frequent contact with Kissinger) had sketched out a negotiating strategy but was careful to note that "We would not at this time propose using the 'sticks' available to us against the Three, especially Taiwan."³⁶ Instead, the only linkage that the strategy proposed was within the commercial realm, and even there the carrots were less than impressive. Yet even such tepid attempts at linkage were too much for Nixon. His mention of submarines was a reference to Peterson's suggestion that Washington give the Nationalist government two or three

³⁵Taped conversation #53, 17 April 1971, Richard Nixon Presidential Library. Transcript by author.

³⁶Peterson to Nixon, 16 April 1971, Richard Nixon Presidential Library.

submarines as an inducement. In the event, although negotiations proceeded throughout the late spring and summer, settlement of the textiles question with the other Asian exporters waited on the resolution of the main U.S.–Japanese negotiations.

As predicted, despite congressional and interest-group pressures, the White House was able to choose to de-link the issues in the Taiwan case even though it had chosen to use them in the Japanese case. Presidential interests carried the day. What is more impressive is that on a sensitive issue, and one in which major interest groups and factions within the Nixon administration were united in pressing for additional protections, the president was able to end the debate with little more than a flick of his wrist. In this case as in the Japanese case, the president's control of the agenda was decisive. Were linkage the simple product of logrolling among equal domestic players, there would have been no reason to resist the linkage in this case. But crucially the president alone had the ultimate say over the disposition of executive resources, and his veto of any further moves along this line allowed him to press forward with other policies.

Non-Linkage: Canadian Economic Advantages, 1969–76

The non-occurrence of linkage in the Canadian case demonstrates the importance of negotiating leverage. The U.S.–Canadian defense relationship was as close as could be, with Canada almost exclusively a policy taker: Despite its formal integration into structures such as NORAD, Ottawa's contribution to hemispheric security was slight. Canadian and American economic integration was similarly deep: the two economies were tightly linked and Canada accounted for about a quarter of U.S. imports, well ahead any other country. (Bothwell 2008) The Nixon administration was the first to confront a new era in U.S.–Canadian economic relations: from the late 1960s onward, Washington could no longer assume that the United States would run a surplus in its trade with Canada in goods or services. Earlier generous trade agreements, such as the Autopact of 1965 that had abolished most tariffs on Canadian automobiles and parts, exacerbated the problem. Bothwell notes

that the Autopact “even included special safeguards for the Canadian automobile industry, which, it had been assumed, would be at a natural disadvantage.” Instead, Canadian exports to the United States soared.

Washington was perennially unable to persuade the Canadian government of Prime Minister Pierre Trudeau to agree to the equivalent of the Japanese voluntary export restrictions. Bothwell attributes this failure to Nixon and Kissinger’s near-total lack of interest in Canadian affairs, which meant that the portfolio was shunted to the purgatory of William Rogers’ State Department. (Bothwell 2008, pp. 310, 318) Indeed, no major American official invested much effort in the subject until John Connally replaced David Kennedy as Treasury secretary. But the models suggests a different interpretation for Washington’s strange acceptance of Canada’s trading strength, namely that the administration was unable to shift Canadian behavior because it had no cards to play. Bothwell’s conjecture that the White House paid little attention to the matter because policymakers knew little about the details of bilateral trade is insufficient. Nixon and Kissinger had no particular intrinsic interest in or knowledge about textiles, as Kissinger in particular regularly repeated. Nor was the gap between the textiles and the automobile industry’s lobbying strength so great as to explain the variation in outcomes.

The crucial difference was that whereas Okinawa gave Nixon leverage over Sato, the United States had (as Kissinger observed) “no way of dissociating from [Ottawa] in the security field.” (Bothwell 2008, p. 312) Washington had so little influence over Canada that Ottawa reduced its contributions to NATO during this period. (Bothwell 2008, p.316) Consequently, no American official—not even the pugnacious Connally—had the leverage necessary to revise the Autopact or any other Canadian policy. Indeed, the Americans could not even force the Canadians to submit potential recommendations along those lines from a sub-ministerial working committee.³⁷ By the time of Nixon’s April 1972 state visit to Ottawa, the administration had essentially given up on changing Canadian policy, leading to

³⁷Memorandum for the record, 6 December 1971, *Foreign Relations of the United States, 1969-1976*, Volume III, Document 85.

Nixon's declaration before Parliament that U.S. policy toward Canada rested on finding "a pattern of economic interaction which is beneficial to both our countries—and which respects Canada's right to chart its own economic course."³⁸

Linkage and Non-Linkage: Anglo–Japanese Relations

Having established the validity of the model by testing it on cases drawn from the American system of government, I now extend its logic to the case of the Anglo–Japanese alliance (1902–1923) as discussed in Davis (2009). Davis investigates the role of domestic interests in shaping issue linkages and stresses the crucial role of executive autonomy from the legislature in the occurrence and non-occurrence of issue linkage, while finding that domestic interest groups can force linkages between economic and security issues in international negotiations. I demonstrate that my model explains the variations in her cases equally as well as her explanation while also explaining aspects of her case that she leaves untheorized.

Given that the United Kingdom is a parliamentary democracy in which executive autonomy from the legislature is by definition weaker than in the United States, some may object that the assumption that the executive has preferences strongly distinct from the legislature is unrealistic. Others may object that the assumption of a unitary executive is no longer tenable in cabinet government. Were the only criteria the formal, unilateral powers given to the executive by the constitution (or tradition), I would agree. However, my model applies to parliamentary democracies in a range of instances if we assume that the costs to backbenchers of ousting an incumbent prime minister and Government are high relative to the likely gains from such a maneuver. Clearly, sometimes this is not the case, as Margaret Thatcher and Lloyd George would attest. But, assuming that a government is relatively popular along other dimensions, it should enjoy sufficient autonomy within ordinary limits to make the first proposal. Similarly, a prime minister in control of his government should

³⁸Nixon also observed that "Canada is the largest trading partner of the United States. It is very important that that be noted in Japan, too. [Laughter.]" Richard Nixon, Address to a Joint Meeting of the Canadian Parliament, *The American Presidency Project*, <http://www.presidency.ucsb.edu/>.

be able to override the Cabinet in many cases.

A stronger objection is that the ideal points of the median backbencher and of the prime minister should be much closer than those of the median member of Congress and the president. This is unsurprising, since the median backbencher was also the median voter in the election of the prime minister. However, in Davis's most crucial case (the 1910–11 negotiations between Japan and the United Kingdom), the British government was a coalition of Liberals, Irish Nationalists, and Labour, which resulted in a cleavage of interests on exactly the points of contention in the negotiations with Japan—that is, over free trade versus protectionism.³⁹ In a coalition government, the formation of the government is not necessarily a question for the median backbencher of the whole coalition but is the result a process of negotiation among different leaders. Moreover, the political context of 1910 meant that even a coalition that was somewhat heterogenous in its preferences over many issues could survive as long as each party was better off on its signature issue inside the coalition. For the Irish party, that was Home Rule, on which the Tories could not plausibly outbid the Liberals. Thus, Prime Minister Herbert Asquith was in a situation that was structurally much more similar to a presidential than a ministerial system. Accordingly, my model should make testable and valid predictions about his actions.

Davis explores the entire course of the Anglo–Japanese alliance, but of the three periods she marks out only the renegotiation of the alliance agreement in 1907–11 actually displays issue linkage. In the alliance's early years, as she writes, “both strategic and economic interest favored Japan's decision to ally with Britain” while the reverse was also true for the United Kingdom. (p. 160) Consequently, as Davis states, there was no linkage, since the benefits to the two parties on either issue alone would have justified an alignment. Nor is there any evident or important horse–trading involved in the early years. Linkage was

³⁹Interestingly, Davis—who seeks to show the influence of domestic economic groups on British policy—mentions only the Labour party as a member of the Asquith coalition government, even though the Irish party under John Redmond had nearly twice as many seats as did Labour after both the January 1910 and the December 1910 elections. Nor does the Irish Party's interest figure into her story about British parliamentary processes.

similarly unimportant after 1911 because London no longer had much to offer Japan in security terms. Nor was the dissolution of the alliance in the early 1920s a surprise, as Davis writes. With the Russians distracted by internal turmoil and the German threat to Japan temporarily forestalled, “Japan could secure its East Asian interests without aid.” (p. 174) Britain and Japan were by then fierce commercial competitors, and London viewed Japan’s interests in East Asia as equally rivalrous. Consequently, linkage was no longer possible.

By elimination, the crucial period for linkage in the Anglo–Japanese relationship was the 1907–1911 period. Both countries were aware that movement along one dimension would have immediate implications for their relations along the other and that the game was not necessarily positive–sum. Anglo–Japanese economic interests clashed over access to East Asian markets and a Japanese proposal to raise tariffs on British goods that would have left the British worse off than the Germans in their commercial relations with Japan. But Japan needed Britain’s support to legitimate its position in the Manchurian territories that Tokyo had won from the Russians in 1905–6 and in Korea, where Japan was dominant even before its formal annexation of the peninsula in 1910. The British sought favorable trade considerations and Japan’s continued assistance in great power politics.

Asquith, like Nixon, faced the greatest pressure on commercial policy. In Davis’s telling, Parliament was more exercised about the tariff issue than the security benefits of the alliance, while the Foreign Office (and by extension Downing Street) had been consistently more interested in security than trade. Textiles manufacturers who felt threatened by Japanese competitors were particularly upset by Tokyo’s behavior and clamored for retaliation. The Japanese executive was more interested in security than in tariffs. Under mounting criticism from parliament and constituents, the British acted. Ambassador Claude MacDonald

met with Prime Minister Katsura to discuss both tariff issues and the annexation of Korea. MacDonald informed Katsura that the tariff negotiations were largely responsible for the rise in public criticism of Japan and the unpopularity of the alliance, ominously warning that “these sentiments the Government in power

would have to take into account when the time came to negotiate regarding the renewal of the alliance.” (p. 171)

Katsura responded that the Japanese proposal “could be modified to meet the British concerns.” The final agreement allowed the Japanese to raise their overall tariff levels but gave greater privileges to British merchants, while the Anglo–Japanese security relationship continued to deepen.

Davis argues that the British government “put the alliance on the line” for the sake of some tariff compromises. My model suggests that the government may have in fact saved the alliance by its timely linkage of the Korean issue to textiles and that it was the Japanese who, by failing to appreciate the domestic constraints of the British government, jeopardized the relationship by proposing a settlement on textiles well outside of what Parliament was willing to accept. Foreign Minister Grey was able to satisfy the government’s parliamentary problems by coaxing Japanese concessions, while using those same constraints to shape the new alliance to the government’s advantage.

This analysis is more in keeping with Davis’ presentation of her data than her conclusion that “the Anglo–Japanese alliance shows the importance of economic side payments as a tool for alliance maintenance.” Davis concludes that her case shows that “[d]omestic factors can override security concerns when the economic threat to an important constituency and the legislature becomes involved in the decisionmaking process.” (p. 176) Davis seems to view the legislature as a *deus ex machina* that only becomes involved at times of political upheavals. By contrast, my model indicates that the executive always takes the legislature’s preferences into account by the executive, even if those preferences remain unspoken. Consequently, variations in such relationships may be caused by executives maximizing their political advantage in both international and domestic games on both economic and security dimensions.

Conclusion

There is no single account of the origins of issue linkage. Political institutions, issue fungibility, and agenda control will all play a part. In many particularly important international negotiations, however, control of the foreign-policy agenda in the United States gives the president the ability to link issues in such a way as to maximize the White House's political interests. Accordingly, the president will only engage in such behavior when the potential outcomes of linkage are favorable to the White House, and once engaged in negotiations will choose a policy settlement more favorable to him or her than would be one chosen by Congress or the foreign government. At other times, the president will instead choose to resist issue linkage for the same reason.

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