

Helen Milner Interests, Institutions and Information: Domestic Politics and International Relations  
Chapters 3&4

In Chapter 3, Milner presents a formal model which reveals the role which domestic politics plays in the outcome of international bargaining. In disaggregating the unitary state model which realism (or at least Waltz's third image model) has assumed, she adds three facets to the domestic arena which must be examined: polyarchy, divided government, and asymmetrical information. In her model, she studies the interaction among four players: executive, legislature and interest groups in a country, and a foreign executive. She notes, however, that making this design parallel for both countries has no effect on the outcomes.

What is modeled is a two-level game, in which international and domestic bargaining games are interdependent. The international game "conforms to Realist assumptions about international politics". The Nash bargaining solution is used, since in the anarchic international environment, there is no regulation of negotiation. As in the real world, there are many ranges of preferences for which there are no solutions to the Nash bargaining.

On the domestic level, a take it or leave it game is modeled (though this will vary in Chapter 4). At this level, it is assumed that the foreign and domestic executives negotiate an agreement which is presented to the legislature for ratification (on a formal or informal basis) on a take it or leave it basis. The model will add amending powers in Chapter 4. The costs of an agreement not being ratified are high for the executive, and therefore it will anticipate the legislature's reaction in its negotiation with the foreign executive.

There are two moves in the game:

1. foreign and domestic executives negotiate, and reach an agreement
2. legislature ratifies or rejects the agreement at hand. Actually, as she points out, with perfect information, the legislature will never reject an agreement, since its preferences will be taken into account during the negotiation between executives.

In this simple game, Milner examines the role of polyarchy, divided government, and asymmetric information, varying each in turn to show its effects on the outcome. In order to do this, she models the game. The relative positions of the executive and legislature are described as follows: the one closer to the foreign executive is the *hawk*, and the other is the *dove*. She shows that in general the group which is more hawkish has more effect on the equilibrium outcome. In addition, she arrives at the following key findings on the effects of power-sharing between the executive and the legislature:

1. International agreement is less likely when domestic politics is involved. (the surprising idea that realists actually overestimate the degree of international cooperation?)
2. Domestic power sharing changes the terms of the agreement, though this influence weakens as the non-agreement option moves further from the preferences of the legislature.

By divided government, Milner is referring to a situation in which different parties control the two branches. She shows that this is by far the more common outcome of domestic elections. By adding this to her model, she shows that divided government (assuming that different parties have different sets of policy preferences) makes cooperation between countries less likely, and it becomes less likely as division between branches of government grows. Adding information to the model adds one more level of interaction. Now she assumes that the legislature is not fully informed about the agreement (a realistic assumption). Under these conditions, it has less impact on the decision, and is choosing to ratify or veto based on its beliefs about the negotiations.

By seeking endorsements from uninvolved parties, the legislature can improve its information. These are not from neutral parties, but it is assumed that the legislature knows the preferences of the endorsers. This adds a third move to the game between the two described above: the endorser states its opinion of the agreement before the legislature decides how to act. This stage makes an international agreement more likely, since it gives the legislature a way to make its decision in a more informed manner. In fact, under these conditions, Milner shows that an agreement is more likely than in the full information

case. This is because the negotiators will know that the legislature has an informed view of the agreement to make its decision. This gives the legislature more leverage, and the agreement reached will be closer to the legislature's preferences. Adding a second endorser with a different set of preferences increases the likelihood of reaching an agreement even further, though more than two does not change the game.

Thus Milner shows how information and endorsers, divided government, and a polyarchic state affect the negotiation of international agreements. In Chapter 4, Milner varies the domestic institutional arrangement, and examines the effect of this on international cooperation. Her conclusion is that "institutions matter, but only in conjunction with preferences". In other words, when preferences are not unitary, institutions affect the outcome when the agreement reached falls between the preferences held by each branch of government

She dismisses the traditional presidential-parliamentary dichotomy of domestic institutions, which is based on origin and survival power, and bases her range of institutional variability on five types of power which are at issue between actors in the domestic arena:

1. Agenda setting: the player who sets the agenda (the executive in most cases of negotiation) has an advantage, as seen in rational choice models.
2. Amendment: more powerful when the other party does not have veto power; can increase the cost of cooperation since after domestic amendment, agreements may have to be renegotiated internationally. This has led to some legislators relinquishing their amendment power in order to make negotiation more efficient (e.g. fast track).
3. Ratification or veto: already considered in the model above: means that someone besides the agenda setter must approve the proposal by some mechanism. In a situation of perfect information about preferences, anticipated reaction will make every agreement ratifiable, and prevent the use of veto. While this constrains the agenda setter, it is a take it or leave it model, which is like the case discussed above, and is separate from the more powerful and more costly power of amendment.
4. Use of referendums: equivalent to ratification, but usually by a different actor (the public). The ratifier is the median voter rather than the median legislator. Therefore, this is not considered in the discussion below.
5. Side agreements: depends on different actors having different preferences along more than one axis: these are tradeoffs between actors in order to gain support for a negotiated agreement. Can be explicit or implicit, positive or negative. These just give the executive a move after the legislature ratifies or vetoes, and are not discussed below.

The game now has four branches: one where the legislature has no power, one where it can ratify, one where it can amend but the executive has a veto, and one with amendment power but no executive veto. Clearly the power of the legislature grows through each successive case. Therefore, the outcome moves toward the preferences of the legislature through each successive game. The likelihood of agreement changes in each case depending on the relative position of executive and legislature: which is the hawk and which the dove. Cooperation is more likely when the dovish actor has more power. Therefore institutions matter, but preferences determine outcomes.

Since these powers are in terms of ratifying agreements, the decision over how agreements are approved is an important one, and actors will have different preferences about institutions of ratification. The ratification game determines whether and how negotiation takes place, and is therefore critical. If the ratification process changes, then agreements may not be ratified even under perfect information, since the median voter whose preferences were taken into account by the negotiators can change. (such as a move from simple to super-majority for ratification). Since this is under constant debate, "the relationship between institutions and preferences is difficult to disentangle. The structure of preferences affects which institutions are used, and the nature of pre-existing institutions affects which actors and preferences are important for the ratification game." Procedures of ratification will thus vary by issue area and country.

Thus, this model, by varying preferences and information while holding institutions constant, and vice versa, shows the role which preferences, information and political institutions play in the domestic arena in affecting international cooperation.