Odell Reading:

Cooperation normally suggests a process intended to make both or all parties better off; however, most bargaining, even that dominated by a search for common value, also involves issues on which the parties' interests conflict

-in most cases, when parties end a dispute with an agreement involving an unequal exchange of concessions, this is considered an instance of limited cooperation, because it is 'more' cooperative than the alternative of NO agreement at all (like economic sanctions or war)

-Odell investigates the use of overt threats as a strategy in international economic bargaining, and the conditions that shape the outcomes of such encounters

-Central questions:

1. will agreement be reached or not
2. if demands cause a shift in value from one party to the other, how far with the movement go
3. cost of the process of reaching the outcome; a costly process can consume value greater than the gains eventually achieved

-2 possible worlds: 1. realism 2. grotian; institutionalized relationships built on mutual benefit and histories of cooperation; threats and sanctions don't work in this framework

-one possible impediment to compliance will be found inside the threatening gov: constituents could oppose implementing the threat; the more government B is aware of this, the less credible the threat- makes internal consensus important to implement effective coercive strategies

-target nation won't comply with threat if the domestic political costs of compliance outweigh the costs of not conceding; so the greater the internal cost, the lower the probability of agreement; this effect can be further magnified by the "rally around the flag" effect

-During the 1970s and 1980s, the US turned more to explicit threats in the economic arena, even with friends and allies, than it had in previous decades; most notable sign of a shift in September '85 when Reagan relaxed the traditional restriction against executive initiation of trade negotiations conduced under threats of retaliation and began several of them

-2 cases:
1. September 1985: Reagan threatens Brazil with economic retaliation if it does not change a program designed to promote a national computer industry and displace US and other foreign firms; dispute dragged on for 36 months and led to a small agreement with collapse and ended up not commercially mattering (not substantial change in US business)

2. March 1986: Reagan threatens the EC with trade sanctions if it did not remove new barriers to US feedgrain with exports to Spain and Portugal; these had just been imposed when they became part of the Common Market. Both threatened counter-retaliation, but the dispute ended after 10 months with a formal agreement breaching the enlargement treaty and making substantial EC commercial concessions to the US.

-much international bargaining theory and int'l law assumes that states are unitary actors; but int'l power analysis does not explain things because the EC was a much more powerful actor AND had a reputation for calling Washington's bluff in trade disputes

-key part of the explanation is that the US threat against the EC was more credible than the threat against Brazil, partly because of the respective negotiating tactics and also because of differing Level II conditions in the US.

-tactical difference:

1. threat toward Brazil was less specific; administration did not publish an estimate of the economic loss or identify industries that would be targeted and there was no action by Congress urging the President to carry out this threat. The decision deadline was a year later and Reagan said "we will take trade counter-measures only as a last resort."

2. immediate threat against th EC detailing target industries and deadlines; 3/31/86 Reagan said the US would impose sanctions and that the export less to the EC would total about 1 billion dollars. *Federal Register* announced penalties would be automatically applied unless the EC backed down. "cannons would fire without further action unless steps were taken to disarm them."

-US domestic differences:

1. computer industry in the US was not all that opposed to the Brazilian law and told the Brazilians that. This meant that brazil didn't view the US threat as credible; however, after a year and another Brazilian policy change, the US industry THEN unified behind sanctions, which may have prompted the small concessions that Brazil did make

2. US feedgrain industry in the US was uniformly enraged and lobbied heavily for sanctions

-Level II factors key: US threat reduced the win set initially, but while in the EC, targeted groups came to lobby for concessions to the US, in Brazil, a similar phenomenon did not occur.

Both cases demonstrate the truth of Odell's hypotheses:

1. the greater the internal opposition to carrying out a threat within the threatening nation itself, the lower the credibility, and the less likely he target capital will be to comply

2. with the target nation, the greater the net internal political cost of compliance for the executive, relative to net internal political cost of no agreement, the less likely the target gov will be to accept agreement on the terms demanded

Other factors:
1. transnational links or alignments (MNCs)
2. issue linkage (or lack thereof in the Brazil case and mostly in the EC case)