1 Cooperation in International Political Economy

What do international relations scholars understand by the term 'cooperation'? Whereas realists and neoliberals disagree about the importance of international cooperation, there is widespread agreement on a working definition. Cooperation arises, 'when actors adjust their behaviour to the actual or anticipated preferences of others, through a process of policy coordination'. Cooperation in the Airbus case should manifest itself as the adjustment of European Community and US trade policies.

Keohane's conception of cooperation, although very influential, has not escaped criticism. It can be argued that cooperation is not a discrete variable but rather, as Moravcsik points out, a bundle of variables and that separate theories of cooperation may be required for each one. These are: (1) theories that explain state preferences for cooperation, (2) theories that explain the outcome of interstate bargaining, and (3) theories that explain compliance with institutional norms. Moravcsik's argument that flows from this is that theories of cooperation should not be tested against one another, as is commonplace, and advanced as 'monocausal explanations' for cooperative outcomes.

A related criticism concerns the emphasis that Keohane places on cooperation as an active process of policy adjustment. Keohane draws a sharp distinction between cooperation – active adjustment of policy – and discord – where states regard other states as hindering the attainment of their goals – in his work. The implication is that states find themselves in a situation of discord and move away from this and toward cooperation in response to stimuli. Keohane does not appear to say much about the possibility that states choose to be discordant.

It may be that cooperation can also be understood as a process where states comply with international agreements they are parties to, and where they refrain from taking unilateral action to solve a collective problem. This is similar to Moravcsik's argument about cooperation as compliance with institutional norms.
As we argued in the Introduction, new trade theory and mercantilist thinking can, in combination, provide powerful rationales for government support of high-technology sectors. Given this, the prospects for state cooperation in developing and maintaining trade in these sectors would appear to be remote. The civilian aircraft sector is widely regarded as the best example of a strategic sector. The huge economies of scale mean that the market can hold two or possibly three firms manufacturing finished airliners. Research and development costs are enormous. Developing a new aircraft model can cost upwards of $5 billion and ongoing R&D can absorb millions of dollars a year. Finally, mercantilists would note the role played by firms in this sector in military production. This would suggest that states would work to prevent any competitive threat that undermined the commercial viability of home firms on national security grounds.

Both the United States and the European Community had developed various policies to support their civilian aircraft producers. Airbus Industrie was the European answer to numerous policy failures at the national level. In the United States, military sponsored R&D speeded the development of commercial products. Nonetheless, these support policies did not cause a degeneration into trade war. While United States trade officials were concerned about Airbus' success and occasionally threatened action, barriers to trade were reduced, not raised. In fact, the 1979 GATT agreement on civil aircraft reduced tariff levels precisely when the first major penetration of the American market by Airbus was occurring. Why would states cooperate in a sector so critical to national interests?

Current academic debates about cooperation are dominated by three major theories of cooperation: neorealism, neoliberalism, and domestic politics. The first two are the 'classic' explanations of cooperation and the argument about which is the more powerful theory has dominated academic debate on the issue for several years. The third theory, domestic politics, seeks to explain cooperation in the area of economic relations and so is of natural concern to us. The term 'domestic politics' in essence refers to the role that firms play in shaping state trade policy. Three versions of domestic politics explanations exist: one emphasizes the role of export-oriented firms, the second links state trade policy to the existence of a globalized industry structure and the last considers the role of buyers of imported goods.