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Foreign Policy by Coalition: Deadlock, Compromise, and Anarchy

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When ultimate authority in foreign policymaking is neither a predominant leader nor a single group, there is a third alternative decision unit: a “coalition” of politically autonomous actors. The defining feature of this type of decision unit is the absence of any single group or actor with the political authority to commit the state in international affairs. Foreign policy decision making in these settings is very fragmented and centers on the willingness and ability of multiple, politically autonomous actors to achieve agreement to enact policy. One premise of this essay is that, although typically ignored in the study of foreign policy decision making, coalition decision units are actually quite prevalent across a variety of institutional settings. They are prone to occur in parliamentary democracies with multiparty cabinets, in presidential democracies with opposing legislative and executive branches, in authoritarian regimes in which power is dispersed across factions and/or institutions, and finally in decentralized settings in which bureaucratic actors gain authority in collectively dealing with major policy issues.

This essay's other premise is that coalition decision units—despite the fragmentation of political authority within them—are in fact able to produce a variety of decision outcomes. Drawing upon theories of coalition formation, we propose a variety of political variables that facilitate or inhibit the achievement of agreement in coalition decision units. Key among these variables is the nature of the decision rules that govern the interaction among coalition members in the policymaking process. Decision rules define three basic coalition configurations and are illustrated in some detail using case studies:

1. A multiparty coalition cabinet with an established decision rule that requires unanimous agreement as exemplified in the decision making of the Dutch government in the 1980s regarding the question of accepting NATO cruise missiles (Everts).
2. A largely interbureaucratic decision where the established decision rule requires only a majority vote as exemplified in Japanese decision making surrounding the 1971 "Nixon shocks" and, in particular, the pressure to devalue the yen (Fukui).
3. A revolutionary coalition in an authoritarian regime with no decision rules as exemplified in the case of Iranian decision making concerning the American hostage crisis starting in 1979 (Stempel).

These cases illustrate the interplay of variables that predispose coalition decision units to act in a variety of ways, ranging from the immobilism of extreme deadlock to the aggressiveness reflective of near political anarchy. As with the other pieces in this special issue, these cases provide an initial, detailed application of the theoretical logic linking coalition decision structures and processes to foreign policy.

COALITION DECISION UNITS AND FOREIGN POLICY: A THEORETICAL OVERVIEW

Coalition decision units have two defining traits. One is the sharp fragmentation of political authority within the decision unit. No single actor or group has the authority to commit on its own the resources of the state; a sustained policy initiative can only be enacted with the support (or acquiescence) of all actors within the decision unit. Any actor in the decision unit is able to block the initiatives of the other actors. This may occur by (1) executing a veto, (2) threatening to terminate the ruling coalition, and/or (3) withholding the resources necessary for action or the approval needed for their use. Furthermore, for a set of multiple autonomous actors to be the authoritative decision unit, the decision cannot involve any superior group or individual that acts independently to resolve differences among the groups or that can reverse any decision the groups reach collectively.

The other defining feature of a coalition decision unit centers around the effects that each actor's constituencies can have on members of the decision unit. Even if representatives of the different actors within the coalition do meet (say, in a cabinet), these individuals do not have the authority to commit the decision unit without having first consulted the key members of those they represent. The power of these leaders is, in effect, incomplete since it can be significantly restricted by the views of constituents. Such constraint greatly complicates the ability of a coalition of actors to achieve agreement. For individual decision makers in this type of decision unit, the political process is, itself, a "two-level game" (Putnam, 1988) in which each decision maker must negotiate not only with opposing actors within the decision unit but also with factional leaders in his or her own constituency. As a result, foreign policymaking within coalition decision units reflects the bargaining that is ongoing within two domestic political arenas. Coalition decision units are, thus, constrained in what they can do.

The fragmentation of authority characteristic of coalition decision units is likely—but not automatic—in a wide variety of institutional settings (see Hagan, 1993). Indeed, such decision units can be found in all types of political systems. They occur in democratic and authoritarian regimes as well as in well-established and less institutionalized regimes. Consider the following four settings:

Multiparty cabinets in parliamentary democracies. Coalition decision units may occur if no single party—or faction—has sole control of the cabinet due to the fact that none has an absolute majority in the parliament. At any time, the defection of a party (or faction) can bring down the cabinet which, in some cases, may even require new elections. As such, any party or faction may block the actions of the rest of the cabinet by threatening to defect from the coalition. In order for a foreign policy initiative to be taken, all members of the coalition must agree.¹

¹On the prevalence of coalition cabinets in parliamentary democracies in postwar Europe see Bogdanor (1983) and Lijphart (1984); each makes the point that two-party "majoritarian rule" hardly fits the norm in Europe or elsewhere (e.g., India, Israel, Uruguay, or, now, Japan). The literature on Japanese foreign policymaking within the factionalized Liberal Democratic Party is particularly rich (e.g., Hellmann, 1969; Destler et al., 1976; Hosoya, 1976; Ori, 1976; Fukui, 1977a). The work on other advanced democracies is a bit more scattered but some emphasizing political decision making include analyses of the Netherlands (Everts, 1885), the Scandinavian countries (Sundelius, 1982; Goldmann, Berglund, and Sjostedt, 1986), as well as Germany, France, and/or Britain (e.g., Andrews, 1962; Hanrieder, 1970; Morse, 1973; Hanrieder and Auton, 1980; Smith, Smith, and White, 1988). See also comparative theoretical studies by Risse-Kappen (1991), Hagan (1993), and Kaarbo (1996).

Presidential (and semi-presidential) democracies in which the executive and legislature are controlled by opposing parties. Although separation of powers arrangements mean that presidents are not dependent on the legislature for retaining office, the executive normally shares significant policymaking authority with a similarly autonomous legislative branch. Because the two institutions have the ability to check each other's policy actions (without bringing down the government), a foreign policy initiative involving major commitment normally requires that the separate institutions must work together if substantively meaningful action is to be taken.²

Authoritarian regimes with power dispersed across separate factions, groups, or institutions. Like parliamentary cabinets, one-party regimes, military juntas, and traditional monarchies may become fragmented with the presence of well-established and politically autonomous factions—each of which is essential to the maintenance of the regime's authority or legitimacy. More extreme fragmentation can occur in periods when such governments are in political flux (e.g., during periods involving revolutionary consolidation or institutional reform or, even, decay) and power is spread across the separate institutions typical of authoritarian regimes: the ruling party, government ministries, and military apparatus (Perlmutter, 1981). Whatever the case, foreign policymaking will reflect the interplay among these separate actors and the agreement (or lack thereof) among them.³

²On the role of the U.S. Congress as, in effect, a part of a coalition decision unit with the executive branch see Frank and Weisband (1979), Destler, Gelb, and Lake (1984), Destler (1986), and Lindsay (1994), as well as cases in Lepper (1971), Spanier and Noguee (1981), and Snyder (1991: ch. 7). LePrestre (1984) offers a useful analysis of French foreign policymaking during that country's first period of "cohabitation." Foreign policy decision making in Latin American states, many of whom have presidential regimes, is considered in Lincoln and Ferris (1984) and Munoz and Tulchin (1984).

³The literature on the politics of Soviet foreign policymaking was particularly rich, although arguably the Soviet Union did not decay into coalition decision making until the latter part of the Gorbachev regime. Works that highlight the dispersion of power in Soviet policymaking include those by Aspaturian (1966), Linden (1978), Valenta (1979), and Gelman (1984). Of course, Russian foreign policymaking now approaches that of being semi-presidential. The People's Republic of China is currently the key communist case; in the post-Deng era, there is good reason to believe that political authority has become quite dispersed in what is otherwise an established regime (e.g., Barnett, 1985). Cases of decaying authoritarian states are numerous. In addition to the historic cases considered in the first piece in this special issue (particularly Snyder, 1991), detailed studies of extreme decision-making conflict (or anarchy) and foreign policy can be found for revolutionary France (Walt, 1996), Sukarno's Indonesia (Weinstein, 1976), Syria prior to the 1967 War (Bar-Simon-Tov, 1983), China during the

Decentralized interbureaucratic decision making. In all regime types with complex political organization, coalition decision units may emerge when the political leadership permits an issue to be handled in a decentralized setting. Power then gravitates to bureaucratic actors and even interest groups who interact on a more or less equal and autonomous basis. Cooperation among these actors is necessary because their decision must ultimately be sanctioned by the political leadership, and failure to resolve issues on their own risks outside political intervention.⁴

As the reader can see, because of the rather widespread fragmentation of institutional and political authority, coalition decision units are actually quite prevalent. That is not to say, however, that such fragmentation automatically leads to foreign policymaking by coalition. In settings in which there are norms that facilitate policy coordination among representatives so that they can work as a single group or when leaders are so deadlocked that a single individual or bureaucratic actor can achieve de facto control of an issue, we may not find coalitions as the authoritative decision unit. But there are enough instances where coalitions may be present to warrant examining their effect on the decision-making process.

Factors Affecting Agreement Among Autonomous Actors

The basic theoretical task we have in linking coalition decision units to decision outcomes is to understand the process whereby separate and autonomous political actors can come together to take substantively meaningful actions in foreign affairs that are authoritative and cannot be reversed. The fragmentation of authority inside a coalition decision unit necessitates that a sequence of questions be asked in developing the explanatory logic for this type of unit. First, what kinds of resources count in shaping who had influence within the coalition, and how much of that resource is adequate to authorize a particular course of action? Second, what conditions lead separate, often contending, actors to achieve agreement on foreign policy? One's initial inclination would be to assume that such fragmented decision bodies find themselves internally deadlocked and unable to act. Although deadlock (in various forms) is an important outcome here, our assumption is governments with coalition decision units can

cultural revolution (Hinton, 1972), and Argentina and the Falklands (Levy and Vakili, 1990) as well as Iran and the hostage crisis (Stempel, 1981).

⁴The original literature on "interservice rivalries" within the U.S. military describes the classic case of this pattern of coalition decision making. See works by Schilling, Hammond, and Snyder (1962), Hammond (1963), Caraley (1966), Davis (1967), and Huntington (1968). Destler (1980) and Vernon, Spar, and Tobin (1991) illustrate a similar pattern with respect to foreign economic policy.

act in significant and meaningful ways. Indeed, as hypothesized with the other two kinds of decision units, the dynamics of the coalition decision unit may strongly amplify existing predispositions to act as well as diminish them.

As with the predominant leader and single-group decision units, we will draw here upon well-established theoretical research to conceptualize the dynamics regarding how coalition decision units can shape what governments do in the foreign policy arena. But, in marked contrast to the other two types of decision units, there does not exist a body of literature that explicitly and directly addresses the foreign policy decision making of politically autonomous actors. Even though some theoretical work has examined the foreign policy effects of organized opposition that is relatively proximate to the decision unit (e.g., Snyder and Diesing, 1977; Lamborn, 1991; Snyder, 1991; Hagan, 1993; Rosecrance and Stein, 1993; Peterson, 1996), it is necessary to turn to the field of comparative politics and, in particular, to “coalition theory” for a useful systematic body of empirically grounded theory. Although addressed to the larger question of government formation, the core theoretical concerns in this literature parallel ours. Like those involved in the development of theories of coalition formation, we seek to identify the conditions that facilitate agreement among autonomous and contentious political actors, none of whom has the resources needed to implement a political decision on their own, be it controlling a cabinet or authorizing a policy decision.

Throughout the coalition theory literature, there are two principal theoretical arguments about what motivates political parties to agree to join a multiparty cabinet. One of these is the “size principle” (Hinckley, 1981) which asserts that key to a player’s behavior is its conservation of its own political resources. This principle is best embodied in the notion of the “minimum winning coalition” (Riker, 1962), which when applied to cabinet formation states that the number of parties in a coalition will total only enough to sustain a majority of seats in the parliament. Inclusion of additional parties would require a further distribution of resources (i.e., ministries) without any further gain to the parties already in the coalition. Similar logic applies to building support for a policy initiative within a coalition decision unit. Namely, agreement within a coalition decision unit will include only those supporters necessary for its acceptance by the entire body according to whatever voting or other decision rule may apply. Inclusion of additional actors is avoided because of the costs of (1) incorporating their preferences and thus making further compromises, (2) expending more resources in the form of side payments to uncommitted parties, and/or (3) sharing credit for a popular policy which may have the effect of enhancing the position of contenders for power in the regime. In making foreign policy choices, the conservation of political resources by each player rationally precludes including additional supporters in an agreement (e.g., compromise) if their support is not crucial to authorizing the state to a particular course of action.

The second principle in coalition theory is what De Swaan (1973) calls “policy distance.” This principle underlies the “minimum range” theory found in the work of Leiserson (1966) and Axelrod (1970). The focus here is on the policy/ideological preferences of contending actors, with the assumption that rational “players wish to be members of winning coalitions with a minimal diversity” (De Swaan, 1973:75). Policy preferences are not intended to supplant Riker’s concern for the weights and numbers of players. Rather, the two are combined as in Axelrod’s (1970) conception of the “minimum connected winning coalition” in which a cabinet is expected to have a minimum number of parties who are also ideologically proximate. This elaboration on Riker’s minimum winning coalition permits the proposition that agreements within coalition decision units will involve actors with relatively proximate preferences. For example, drawing upon Snyder and Diesing’s (1977) and Vasquez’s (1993) depictions of the broad policy divisions we often find in considerations of foreign policy, “accommodationalists” and “soft-liners” would be more likely to band together with each other than with distinctly “hard-line” elements.⁵

Although the principles of size and policy space form the core of coalition theory, the comparative politics literature has not stopped with these two concepts. Important empirical studies of cabinet formation have isolated major exceptions to the “minimum connected winning coalition” in postwar Western Europe, Israel, and Japan (see case studies in Browne and Dreijmanis, 1982; Luebbert, 1986; and Pridham, 1986). To account for these anomalies, additional factors have been suggested, including actors’ willingness to bargain (Dodd, 1976), the presence/absence of a “pivotal actor” (De Swaan, 1973), the structure of party preferences (Luebbert, 1984), the level of information uncertainty (Dodd, 1976), the existence of consensus-making norms (Luebbert, 1984; Baylis, 1989), and, at the other extreme, the complete absence of institutionalized decision rules (Druckman and Green, 1986). This research provides key insights relevant to understanding the operation of decision units. They are incorporated into the coalition decision unit model in two ways: (1) as additional factors explaining the likelihood of agreement among coalition actors or (2) as contextual factors that define decision-making rules and thereby condition the interplay among members of the coalition and the precise effects of size, polarization, and the other variables.⁶

⁵This “connectedness” across actors’ policy positions characterizes not only minimum winning coalitions but also the oversized and undersized ones that we discuss below.

⁶To the best of our knowledge, there does not appear to be consensus or synthesis concerning the relative importance of—or interrelationship among—the specific contingencies in the coalition theory literature.

Among those factors affecting the chances of agreement, one particularly important refinement of the principles of size and policy space is De Swaan's (1973) notion of the "pivotal actor." A coalition member is pivotal on an issue "when the absolute difference between the combined votes (weights) of members on his right and of members on his left is not greater than his own weight" (De Swaan, 1973:89). Any policy agreement must therefore include this actor, and because it can play off alternative partners its preferences will likely dominate an eventual agreement. When such an actor does not have strong preferences on the issue it can shape the decision by mediating conflicts between players on both sides of the issue in exchange for side payments on other issues including regime maintenance.⁷ Either way, this concept of a pivotal actor refines our notions of a minimum connected winning coalition by identifying more precisely the players necessary for policy agreement as well as another source of political pressure for overcoming deadlock among otherwise polarized groups.

Another factor facilitating agreement is the willingness of one group to accept side payments and, more dramatically, political logrolling. The coalition formation literature notes that often small, issue-oriented parties may join (and support) a government in exchange for control of a single ministry or policy issue (see Browne and Frendreis, 1980; Hinckley, 1981). According to Luebert (1984:241), this kind of bargaining arrangement is possible if groups within the coalition have "tangential" preferences, that is, ones "that address different issues and are sufficiently unrelated so that party leaders do not consider them to be incompatible." A modification of this aspect of coalition theory is directly applicable to coalition decision making because it suggests the possibility of breaking deadlock among politically antagonistic contenders. Advocates of a policy may be able to buy off a strong dissenter with concessions critical to them on another issue, something that is especially likely in the case of a smaller, single-issue party with critical votes (e.g., the religious parties in Israel with their domestic concerns). The implications of side payments can also be seen in a larger light using the theoretical argument developed by Snyder (1991). With regard to logrolling, he makes the point that opposing actors may, in effect, offer each other payments that concern foreign policy issues. The implication

⁷This is especially important when an individual leader has an institutionally pivotal position in the regime, yet is not committed to a particular issue or, more dramatically, fails to assert the authority of his or her institutional position. Such behavior can create a political vacuum and lead to a *de facto* coalition policy arrangement. For example, among pre-WWI governments relatively passive and ineffective leaders were critical to the emergence of hard-liners in the governments of Germany (William II) and Russia (Nicholas II). Interestingly, just the reverse occurred in France, where President Poincaré was able to impose relative coherence on the normally weak and fragmented government of the Third Republic.

of his definition of the concept goes far beyond permitting agreement—instead, both sides implement their policies to the maximum degree even though their actions may be contradictory and/or overextend the state internationally. Such an outcome is the opposite of deadlock—one of overcommitment rather than failure to act.

A further variable—or actually, set of variables—affecting the agreement among coalition actors is their willingness to bargain with each other. “Willingness to bargain” assesses the degree to which there are “serious a priori constraints on parties which make them hesitant to negotiate or strike bargains” (Dodd, 1976:41). Constraints on bargaining include extreme distrust between parties, immediate competition for control of the government, and opposition to agreements from factions within coalition parties (see Dodd, 1976; Lijphart, 1984; Luebbert, 1984; Pridham, 1986; and Steiner, 1974). Intense distrust or severe political competition between (and within) actors may lead members of the decision unit to define a policy problem as a “zero-sum” political issue. If political fortunes outweigh substantive policy merits, even actors with relatively similar policy positions are not going to be willing to bargain with each other. At the other extreme, the existence of strong norms of “consensus government” (Lijphart, 1984) and “amicable agreement” (Steiner, 1974) can greatly facilitate the coming together of parties with otherwise strong policy differences. Indeed, as illustrated by the Swedish and Israeli cases in the preceding article on single-group decision units, coalition cabinets can function as a single group if there are strong norms of political trust, strong party discipline, and habits of cooperation across ruling parties.⁸

Decision Rules Define the Context for Coalition Policymaking

The other way of incorporating these additional variables into our exploration of the coalition decision unit is by combining several of them into what the framework calls a “key contingency variable”—in this instance, decision-making rules. The premise here is that decision rules define the context in which the properties of coalition size, policy space, pivotal actor, and willingness to bargain interact to produce outcomes ranging from agreement to deadlock. As with the predominant leader and single-group decision units, the idea of decision rules permits us to identify the “contingencies” that, in turn, point to alternative states in which coalitions operate.

The theoretical primacy given here to decision-making rules requires further explanation. Decision rules are the general procedures and norms that mem-

⁸For discussions of single-group decision making in coalition cabinets see chapters in volumes on the Netherlands edited by Everts (1985) and on Northern Europe edited by Sundelius (1982).

bers of the decision unit recognize as guiding interaction within that authoritative body. They are the “rules of the game [defining] the set of players, the set of permissible moves, the sequence of these moves, and the information available before each move is made” (Tsebelis, 1990:93). They range from formal constitutional procedures to more informal norms of behavior dictated by deeply rooted cultural practices, widely accepted lessons of past political crises, or the like. Whatever their origin, these rules shape political interactions within the coalition decision unit and thus define the context within which the process of achieving agreement occurs.

Decision rules help us understand the possibility of agreement among autonomous actors in at least two ways. They stipulate precisely what constitutes an authoritative consensus within the decision unit, that is, the number of votes required to win a debate and have the government adopt an initiative. Knowledge of this variable enables us to consider the range of votes required to achieve a “minimum winning coalition” among a subset of actors within the coalition. The other insight provided by decision rules stems from the degree to which these political procedures and norms are well established, or “institutionalized” (Huntington, 1968; see also Hagan, 1993; Mansfield and Snyder, 1995). Well-established decision rules (whatever the precise voting procedures) make clear the decision mechanisms by which separate actors are brought together, what kinds of resources matter in weighting influence in the coalition, and how these weights are to be combined in arriving at an agreement. They provide, in other words, “information certainty” concerning the relative weights of each player’s resources and the likely prior moves of each in a bargaining setting (Dodd, 1976:40). Beyond this, and in more subtle ways, knowledge of the extent to which decision rules are established provides clues into the overall political relations among the actors within the coalition (e.g., a history of distrust, views on the nature of political relationships, and habits of cooperation). In these two ways even simple information about rules can tell us much about how the decision-making game is played.

The role given to decision rules here is not new. Their importance, as well as the institutions in which they are embedded, is found in several theoretical literatures. They are, of course, inherent in the coalition formation literature discussed above. Not only do they underlie Dodd’s (1976) conception of “information uncertainty” as a constraint on coalition formation, but some of the starkest empirical exceptions to “minimum connected winning coalitions” have been found in highly consensual systems (e.g., Luebbert, 1984) and in very unstable polities (e.g., Druckman and Green, 1986). Decision rules are also prominent in the broader comparative politics literature, much of which accounts for anomalies in electoral and partisan behavior in different national political settings (e.g., Steiner, 1974; Lijphart, 1984; Thelen and Steinmo, 1992). Although widely associated with the notion of games in “multiple arenas” (as noted ear-

lier), not to be forgotten is that part of Tsebelis's (1990) treatment of "nested games" that raises the complications in rational behavior that can stem from variations in institutional context and the fact that such differences may lead to changes in the rules themselves. Rational choice theorists generally acknowledge that the political context is critical to uncovering the logic underlying the strategies and preferences of political actors; in other words, that "individuals acting rationally can arrive at different outcomes in different institutional settings" (Lalman, Oppenheimer, and Swistak, 1993).⁹

In adapting ideas concerning decision rules to coalition decision units, we propose to differentiate among three general kinds of conditions under which coalitions may operate. Figure 1 diagrams the questions we seek to answer in deciding which kind of coalition decision unit we are observing at any point in time. The first question simply ascertains whether or not clear decision rules exist; it is followed by a second question that distinguishes between the voting requirements of non-unanimity and unanimity in those cases in which rules are well established. Although no claim is made here to have captured the many nuances extant in the literature about institutions, the interaction of these questions points to three general types of coalition decision settings. The middle path of Figure 1 conforms most directly to the dominant themes in coalition theory. This path describes the situation in which the decision unit is governed by established voting rules that permit an authoritative decision if a subset of actors (i.e., majority) achieves agreement on a particular course of action. It applies coalition theory's core notion of the "minimum winning connected coalition." But this path

⁹The centrality of decision rules is suggested in the international relations literature in "neoliberal institutionalism" (Keohane, 1984, 1989; Keohane, Nye, and Hoffmann, 1993; also Baldwin, 1993). Although a theory cast to explain international system dynamics (i.e., cooperation), the thrust of neoliberal institutionalism parallels our own and adds insights to those in comparative politics. As in the work of Keohane and other international relations theorists, our coalition decision-making model is concerned with explaining cooperation (or agreement) among autonomous players without any superior authority and in a condition of potential "anarchy." Keohane's (1984, 1989) analysis illustrates that across time egoistic actors not only can learn cooperation in conditions of stability, but also will develop certain "rules, norms, and conventions" that facilitate agreement. His functional argument is that a self-interested state will seek (or "demand") international institutions (or "regimes") for several reasons: they provide a clear legal framework establishing liability for actions, they provide information, and they reduce the costs of the transactions necessary for coordinated policies (Keohane, 1984). The same is likely true of actors within governments; well-established decision rules in a fragmented domestic political setting can facilitate agreement among contending actors for these same reasons. Kegley (1987) has, to our knowledge, attempted the most detailed and innovative application of "regime theory" to theorizing about the decision-making process. Our conception of decision rules is similar to his notion of "procedural" decision regimes.

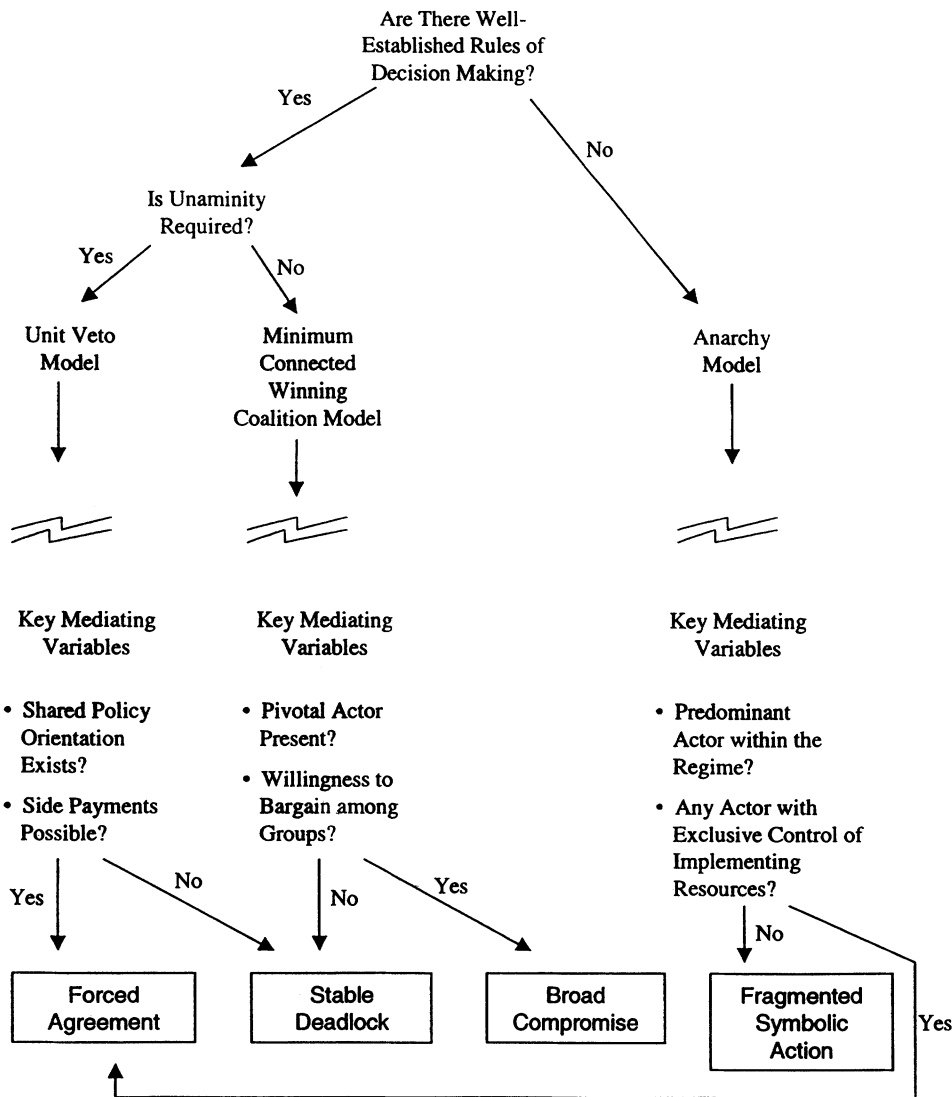


FIGURE 1. Summary decision tree for coalition decision units

does not encompass the full range of coalition decision units extant in different political systems, issue areas, and situations. For purposes of systematic, cross-national comparisons, it is imperative to consider two other politically extreme situations. One, which probably does not normally occur in the formation of governments (except during national crises), is where voting rules (or political necessity) require unanimity among all participants, in effect creating a “unit veto” system in which any single actor can block the initiatives of all others. This situation is diagrammed on the left side of Figure 1. The other situation, found on the figure’s right side, portrays the other extreme—essentially one of “political

anarchy,” in which established decision rules are largely absent and the overall political process is extremely fluid. There is maximum uncertainty about the political game, raising questions about not only the locus and allocation of authority but also the larger political stakes involved in the debate over policy.

HOW DECISION RULES SHAPE POLICY

Having sketched the components and the logic behind the coalition decision unit, we now turn to applying the framework to specific episodes of foreign policy decision making by coalitions of autonomous actors. We will use the following cases to illustrate the three types of coalition decision units described above: the Netherlands and the 1979 NATO cruise missile crisis, Japan and the 1971 exchange rate crisis, and Iran and the 1979 U.S. hostage crisis. These cases are, respectively, examples of the unit veto model, the minimum winning connected coalition model, and the anarchy model as defined by the nature of their decision rules. The purpose of these cases is to explore the dynamics of coalition decision making in each type of configuration. Each case considers, how, first, decision rules condition the state of key coalition influences (again, coalition size, policy space, pivotal actors, and willingness to bargain) and, second, how, the rules shape the ways in which these factors interact to lead to a decision. The cases not only offer new insights into several non-U.S. cases but also lend initial support to our reinterpretation of coalition theory and what it indicates are important factors in determining how coalitions operate in different kinds of contexts.

Unit Veto Model: The Netherlands and NATO Cruise Missiles

As envisioned in the unit veto model, coalition decision units have well-defined political rules that require agreement by all members to support any policy initiative or the decision unit cannot act. The imperative of “unanimity” stems from several factors. Constitutional arrangements may require that all parties formally commit to a particular course of action, for example, in the U.S. presidential system a declaration of war or implementation of a treaty requires the support of both the president and the Congress. Other imperatives might be less formal, yet equally compelling, in regimes in which executive authority is shared by multiple actors, as naturally occurs in parliamentary systems with multiparty cabinets. Although coalitions in stable parliamentary systems often function as single groups, sometimes issues are so politicized that they threaten to bring down the government as a result of party or factional defections from the cabinet (leading to a vote of nonconfidence). If an issue is so important that no actor is willing or politically able to allow itself to be overruled, then the government becomes incapable of action without bringing about its own collapse. Moreover, there are situations in which well-established

norms require a consensus among participants if a decision is to be accepted as legitimate. These norms may be rooted in national political culture, as in Japan, but they may also be the result of institutional norms that have evolved among established actors, for example, those rules that govern interservice rivalries on U.S. defense budgetary decisions. Whatever the case may be, though, the common situation among these coalition decision units is that all actors must agree to support a decision if it is to take place. This situation is extremely fragmented because any actor alone can block the actions of all others, while any agreement must incorporate the full range of preferences within the decision unit. These conditions parallel those portrayed by Kaplan (1957) in his "unit veto" model of the international system.

One example of such a unit veto situation was the decision(s) by the Dutch government regarding NATO's deployment of a new generation of nuclear weapons in Western Europe in the early 1980s.¹⁰ The issue was forced in December 1979 when the NATO ministerial meeting in Brussels, after long drawn out and difficult international negotiations, adopted the so-called double track decision. This agreement entailed the modernization of the alliance's nuclear forces with the deployment of 572 new intermediate range nuclear weapons, including 108 Pershing II missiles and 464 cruise missiles, from 1983 onwards. At the same time the NATO ministers called on the Soviet Union to begin arms control negotiations that could establish limitations on this category of nuclear weapons. The Netherlands was one of five European members of the alliance to receive the new missiles: 48 of the planned cruise missiles were to be deployed on its territory. The cruise missile issue would remain a severe policy problem for the succession of Dutch governments between 1979 and 1986.

In preparing its position with respect to the impending NATO decisions, the government of the Netherlands was subjected to sharp cross-pressures both from abroad and from inside the country.¹¹ From abroad, the Dutch government was under particularly strong pressure to agree to and cooperate with the intended program of nuclear modernization, not only from the United States but also from the Federal Republic of Germany (the latter did not want to become isolated by being the only country on the continent to have the new missiles on its soil and feared that continued Dutch opposition would boost the

¹⁰This section is condensed from Everts (1991) where the substance of the cruise missile issue and the application of the decision units model is presented in greater detail. The most extensive, although somewhat partisan, study of the decision-making process in the cruise missile case was written by one of the participating officials (van Eenennaam, 1988).

¹¹Accounts of how consecutive Dutch governments fought hard and difficult battles to obtain concessions from their NATO partners are found in van Staden (1985), van Eenennaam (1988), and Soetendorp (1989).

morale of its own domestic opposition). Much of the leadership of the Dutch government were sympathetic to the arguments of these allies. The leadership shared the others' assessment of the need to counter the increased Soviet threat as well as the need for showing a united front to the Soviet Union in view of the outcome of the earlier debate on the neutron warheads. The ministers also worried about the possible effect of a negative deployment decision on the future credibility of the Netherlands within the NATO alliance. Refusal to accept the missiles would greatly undercut the position of the Netherlands within NATO, leading to accusations that this relatively small country was a "footnote country" or a "free rider" within the alliance. Should they back down on the deployment issue, ministers feared the Netherlands would risk losing their influence in future allied consultations about arms control.

Yet, domestically, the government's freedom to maneuver was constrained by a climate of antimissile public opinion that included not only parties on the Left but also relatively mainstream church groups opposed to (increased) reliance on nuclear weapons for security. Many shared the peace movement's opposition to all things nuclear (see Everts, 1983). Others, who did not reject all nuclear weapons, argued that to deploy new missiles in Europe would, if anything, lead to strategic de-coupling. Some argued that the new weapons would be not only superfluous but positively dangerous because they would increase the chances of nuclear war restricted to Europe and hence make such war more probable. It was also argued that deployment of the new missiles would fuel the arms race. The cruise missiles were seen as much more than a simple replacement of old weapons ("modernize your bicycle, buy a car," as one of the critics put it). If there was a Soviet threat (and most opponents shared this view), a further arms buildup was seen as a dangerous and ineffective way of dealing with it. The opposition was fanned by what was seen as dangerous loose talk by members of the Reagan administration on the possibility of a "limited nuclear war in Europe." These and other arguments of a more emotional nature would become the common stock of the mounting domestic opposition in the years following NATO's 1979 "double track" decision.

This polarized domestic political atmosphere greatly complicated Dutch foreign policymaking. Under normal conditions, foreign policymaking in the Netherlands was an elite affair in which critical issues were handled by a subgroup of cabinet ministers with responsibilities for foreign affairs.¹² However,

¹²This general procedure was not a small matter for countries that had multiparty systems and thus generally coalition governments. Like a number of European democracies (Baylis, 1989), well-established norms of interparty cooperation and intraparty discipline facilitated accommodation and permitted Dutch cabinets to operate as single-group decision units. See Lijphart (1968) for a more general treatment of norms of "accommodation" across the divisions in the Dutch political system.

this “classical” pattern of cabinet decision making was eroded to a considerable extent by the politicization of foreign policy issues during the period preceding the cruise missile episode. The democratization processes in Dutch society in general, which had taken place together with an erosion of the nation’s postwar consensus on defense in the 1970s, had increased not only the desire of groups within society to participate in the foreign policy process, but also the wish of Parliament for a larger say in both decision making and control over the execution of foreign policy (see Everts, 1983). One result was that cabinets were now vulnerable to being removed from office as a result of votes of no-confidence supported by dissidents within ruling parties. In fact, in the years preceding the 1979 “double track” decision, there were no less than three times that a government crisis was threatened over an issue of foreign policy. That such events had happened hardly ever in the past is testimony to the new role of Parliament in the making of foreign policy and the relative weakness of the executive. On controversial issues such as the cruise missile deployment the cabinet could ignore the wishes of the Parliament only at its peril.¹³

The Dutch cabinets handling the cruise missile issue were internally fragmented and thus not in a good position to act decisively on this problem. On the one hand, the institutional positions of individual ministers (and therefore the party or faction each represented) are traditionally very strong. Dutch prime ministers are not predominant, technically serving merely as the chair of the Council of Ministers and in political practice as not much more than “*primus inter pares*.” They cannot appoint ministers or force their resignation at will; the prime minister’s role involves mainly the general coordination of government policies with respect to “politically sensitive” issues (even if he has strong views about the issues). And, on the other hand, the ability of the cabinet to act as a single group in making policy (and survive politically) is further complicated by the fact that Dutch governments are almost always multiparty coalitions. Because the electoral system is one of proportional representation none of the Dutch political parties has ever been able to win the majority of parliamentary seats necessary to rule alone, and therefore cabinets are formed by coalitions of two or more parties. Throughout the cruise missile crisis the Netherlands had a succession of coalition cabinets, that is, (1) from 1977 to 1981, a center-right coalition between the Christian Democrats (CDA) and a smaller Liberal Party (VVD), followed by (2) a center-left cabinet with the CDA, the Labour Party (PvdA), and Democrats ’66 (left liberals) which lasted barely a year, and, finally, (3) a renewed center-right coalition with the CDA and VVD from 1982 to 1986.

¹³ On the degree to which Parliament had become an independent actor in the foreign policy process at this time see the studies in Everts (1985).

Compounding the internal fragmentation of these cabinets was their wider vulnerability to being overthrown by Parliament on the cruise missile issue. Such was especially true in the case of the CDA-VVD center-right coalitions. These two cabinets, which were in power for all but one of the years of the cruise missile episode, had very small majorities in the Parliament. Indeed, the 1977–81 coalition had a majority of only two seats in the 150-member Dutch Parliament; the defection of just a few individual members could bring down the entire cabinet (as was threatened over foreign and defense issues several times in the late 1970s). Given these small majorities, it was highly probable that government positions on the question of the cruise missile deployment would play an important role in any parliamentary election. Public dissatisfaction with government policies could easily contribute to electoral defeats. And, in fact, the cruise missile issue played a major role in the 1981 general election campaign, the outcomes of which favored the left-leaning parties and resulted in the brief center-left coalition between the CDA and the Labour Party and Democrats '66. (Notably, although this center-left coalition had a larger parliamentary majority, it suffered from greater policy divisions and did not offer a durable alternative to the center-right CDA and Liberal Party coalition, despite its relatively large majority.)

Granting the severe constraints that fostered virtual deadlock among members of the Dutch cabinets on the cruise missile issue, are there any factors within coalition theory that, if present, might overcome these pressures for continued disagreement and promote some type of agreement within the Dutch government? Several present themselves. One is the presence of a pivotal actor in Dutch politics such as the Christian Democratic Party. This party was essential for many years to any cabinet, being both the largest of the Dutch parties and the only one able to transcend ideological issues.¹⁴ But in this instance the CDA's ability to impose coherence on the cabinet was very limited because of its own internal fragmentation. In the period under consideration, the Christian Democrats were in the process of merging three parties (two Protestant, one Roman Catholic) into one new one—the CDA. At this time the merger was proving to be a difficult process. Marked divisions between the various groups

¹⁴The Dutch party system is characterized not only by a cleavage along the (socio-economic) left-right continuum, but also by a cleavage between religious parties and more secular ones. While the latter is responsible for divisions on nonmaterial issues like education and abortion, the left-right dimension is otherwise dominant. Within this structure until recently the balance was maintained for all practical purposes by the Christian Democrats who held the center ground and as a result for a long time played a pivotal role in Dutch politics, being able to choose more or less freely with whom they would build a coalition. Center-right, and less frequently center-left coalitions (of various composition), always included the Christian Democrats.

along the left-right dimension were much in evidence, especially on foreign and defense policy. When the new cabinet was formed after the 1977 elections, eleven CDA members of Parliament (coming mainly from the former Protestant Anti-Revolutionary Party which would have preferred a center-left coalition) refused to give the new cabinet their formal blessing and reserved the right to judge it on its concrete policies. This group of “dissidents” selected a few issues on which they showed their “leftist” credentials. Probably because of their visibility and symbolic nature, these issues included a number of questions of foreign policy, such as the delivery of enriched uranium to Brazil, sanctions against South Africa, and neutron warheads. By using their implicit veto power and joining hands with the parties of the Left, which rejected modernization outright, the dissidents could make it very difficult—if not impossible—for the government to secure a parliamentary majority on the issue of cruise missiles. The “dissident” faction was, in effect, one of the actors within the Dutch coalition decision unit on this issue.

Another factor that might have promoted agreement among members of the Dutch cabinets is the possibility of what in coalition theory is called the formation of a diverse “national unity coalition” in the face of foreign peril or, in the case of domestic pressures, a common domestic strategy to ensure the government’s survival. The cruise missile issue certainly posed severe pressures on the government of the Netherlands. As noted above, NATO and the Reagan administration were strongly pressuring the Dutch government to respond to the Soviet threat. And even if Dutch officials were not quite as alarmed as these other bodies by the Soviet threat, most were worried that the credibility of the Netherlands within the NATO alliance would be severely damaged. Yet domestic political pressures worked in exactly the opposite direction from what coalition theory predicts. The traditionally pro-NATO foreign policy elite and parties were under public and popular pressure *not* to accept the missiles. The leadership could not mobilize support behind the NATO commitment (e.g., the nationalism card was not viable), and approaching elections increased political pressures on the antinuclear opposition to maintain its credibility within the Parliament and the coalition. In short, domestic and international pressures were at odds with one another. Working as “cross-pressures,” international and domestic pressures reinforced—not diminished—the divisions within the already divided coalition cabinet.

One final way suggested by coalition theory to achieve agreement within a coalition requiring unanimity is through side payments made by policy advocates to potential dissenters. Such a scenario would seem quite possible in the Dutch case given the key role of the small “dissident” faction within the Christian Democratic Party. However, even if these dissidents were willing to make concessions, they were not in a political position to do so because of their strong ties to the public opposition. These dissidents were under particular

pressure from the churches, which could appeal to the fact that the new CDA party wanted explicitly to be a “Christian” party. They were an important asset for the church-sponsored peace organizations, IKV and Pax Christi, which played a central role in the societal debate over nuclear weapons in general. And they were central actors in the emerging broad coalition of groups, parties, and organizations opposing the deployment of new nuclear weapons. Having access to the churches, to which most CDA voters were attached, and being able to appeal to common religious ground, these peace organizations were able to make inroads into the political center. Agreeing to the deployment of cruise missiles at the height of the controversy would have destroyed the dissident faction.

In sum, the Dutch cabinets were severely constrained in dealing with the cruise missile crisis. Political elites were polarized over the cruise missile question and governing authority was fragmented to the extent that any action on the issue would bring down the government. Furthermore, factors that might have overcome these constraints all served to exacerbate—not dilute—them; for example, the pivotal CDA was divided, strong foreign and domestic pressures cut in opposite ways, and the dissidents were unwilling to accept side payments. The culmination of these pressures was largely a deadlock on the cruise missile issue. In subscribing to the communique of the 1979 NATO ministerial meeting, the Dutch accepted the arguments for modernization (but also stated that production of the missiles was an independent American decision), the idea of deploying 572 missiles in “selected countries,” and their share of the common costs. At the same time they postponed their own decision on deployment within their borders. The basic reality was that the government could not act consistently in one direction or the other; it could not commit itself fully to either accepting the missiles or rejecting them. A single, coherent course of action was precluded. As a consequence, they engaged in minimalist foreign policy behavior regarding the cruise missile issue for a number of years.

All this discussion is not meant to suggest that there was complete disarray in Dutch foreign policy decision making. Although deadlocked, the tensions within the government were contained effectively in a way that reflected an orderly and sustained “papering over of differences,” resulting in some diplomatic activity within the NATO context. In the ensuing parliamentary debate, cabinet ministers from both the CDA and VVD worked hard (and with some difficulty) to picture Dutch participation in the NATO agreement as substantively meaningful and yet satisfactory to all parties at home and abroad. The criticisms of CDA dissidents in Parliament were muted. Indeed, they finally recoiled at the prospect of a cabinet crisis, refusing to support a virtual motion of no confidence proposed by the opposition and merely restating that they did not accept responsibility for a deployment decision. The dissidents preferred to remain silent when the chips were down and the unity of their party was at stake. This behavior points to the further importance of the presence or absence

of decision-making norms. It is striking that none of the parties in the Dutch government—despite their political differences—sought to appeal aggressively to the wider public or challenge the political system itself. This fact significantly enhanced the ability of the Netherlands to contain NATO alarm and pressures. The existence of strong consensus-making norms (Luebbert, 1984; Baylis, 1989) in Dutch politics enabled the deeply divided coalition governments to function with political restraint at home and abroad.

The deadlock over the deployment of cruise missiles finally came to an end in 1985. Further postponement of the decision was not possible beyond the NATO deadline of November 1, 1985. At that point the Dutch government decided to accept the missiles. Several factors contributed to this positive decision, even though the opposition had demonstrated one last show of strength with a petition drive requesting Parliament not to agree to deployment. This action was not sufficient to sway the attitudes of even the wavering CDA members of Parliament. The opposition had run its course and the left wing of the Christian Democrats had, for a variety of unrelated reasons, lost much of its strength within the decision unit. In other words, the pro-missile leadership of the Christian Democratic Party was now politically able to commit to the deployment of the missiles. The change in the decision unit was crucial to breaking the deadlock over the issue. However, because Dutch cabinets had well-established rules governing decision making, they had been able to handle their five-year deadlock in an orderly manner so that it remained contained and did not escalate into a wider political crisis either at home or within NATO.

Minimum Winning Connected Coalition Model: Japan and the Exchange Rate Crisis

Not all coalition decision units with established decision rules require unanimity. Substantively meaningful foreign policy action can require agreement among only a subset of decision unit members. As noted earlier, it is this situation that is most directly analogous to the parliament-wide process of government formation in which only some parties enter the cabinet. In our case, established decision rules require that some kind of majority (one half, two thirds, etc.) reach a decision. In contrast to the setting requiring unanimity, it is important here to understand the relatively proximate preferences of the subset of actors that are in agreement and the processes that brought them together. Indeed, the outcome of this process presents the very real possibility of one side winning for the most part or, at the least, a compromise among actors with relatively proximate preferences. Whichever is the case, though, the decision will be defined by the need of participants to conserve influence over policy by making minimum compromises. In this way the logic of the minimum winning connected coalition underlies the dynamics of coalition decision units with established

rules that do not require unanimity. This overarching argument can be supplemented by additional concepts suggested by coalition theory that further define, if not restrict, the evolution of agreement.

The case of Japan's 1971 exchange rate crisis illustrates the dynamics of coalition decision units with rules that are well established but do not require unanimity.¹⁵ As in the Dutch case, this crisis brought severe international pressure to bear on the Japanese government. It was provoked by the August 15th speech by U.S. president Richard Nixon in which he announced a new and drastic domestic economic policy initiative, soon dubbed the New Economic Policy, which included the suspension of the convertibility of the dollar and the imposition of an across-the-board 10 percent import surcharge. The announcement was unambiguously intended to force the United States' major trading partners, especially West Germany and Japan, to help balance the U.S. trade and current accounts and to rescue its domestic economy from deepening recession by, above all, revaluing their own undervalued currencies. As immediately understood by most governments around the world, the announcement also sounded the death knell for the Bretton Woods monetary system which had supported the postwar international economic system for a quarter century.

This component of the "Nixon shocks" struck at the post-WWII mindset shared by the Japanese leadership—that is, the ruling Liberal Democratic Party, the powerful economic ministries, and the business community—concerning the existing international economic, especially monetary, system. Throughout the postwar period the Bretton Woods system of international monetary management and coordination had been highly beneficial to Japan as well as to West European economies and had helped them recover from the devastating effects of World War II within a remarkably short time and then achieve sustained growth at an unprecedented rate. The yen-dollar exchange rate set in 1949 at 360 yen per dollar (taken as part of the sweeping postwar economic reforms under American direction) increasingly undervalued the yen after the mid-1950s and thereby significantly added to the price competitiveness of Japanese exports in international markets. The 360 per dollar exchange rate thus served as a key stimulus and incentive for the expansion of Japan's export trade and the growth of its export-oriented industries (Shinohara, 1961, 1973:18–34; Yoshitomi, 1977:20–25). The mindset nurtured by this highly favorable experience predisposed the Japanese, both inside and outside government, to resist any suggestion of a significant change in the system, especially a revaluation of the yen.

¹⁵This case is explained in greater detail in Fukui (1989); see also Fukui (1979, 1987). The research is based on that author's interviews of key Japanese policymakers as well as accounts in Japanese newspapers and other publications. Due to space limitations these sources have been trimmed here but are available in the longer piece.

When the chronic and worsening trade imbalances with Japan and the European Economic Community nations led Washington to make such a suggestion in the late 1960s and early 1970s, Tokyo resisted and fought it. On the eve of the exchange rate crisis, the Japanese government was firmly set against a revaluation of the yen and, for that reason, also against a fundamental change in the Bretton Woods monetary system, both out of habit and for specific policy reasons. A departure from the Y 360 per dollar exchange rate would have seriously threatened Japan's key industries and devastated many of its export-dependent small businesses. Inasmuch as the key industries were the largest and most reliable contributors to the political funds of the ruling Liberal Democratic Party (LDP) and small businessmen were among its staunchest supporters at the polls, the anticipated impacts of a yen revaluation on their fortunes was a cause for serious concern in the cabinet and among some of the Ministry of Finance (MOF) and Bank of Japan (BOJ) bureaucrats (Sasaki, 1973:34).

Moreover, the mindset and predispositions created by twenty years of highly profitable experience under the Bretton Woods system was significantly reinforced in 1970 by a downturn in the domestic economy and the Japanese government's determination to nip the incipient recession in the bud. The government in Tokyo responded to the downturn with a series of reductions in the official discount rate beginning in October 1970 and a cabinet decision in March 1971 to speed up public works spending budgeted for the 1971 fiscal year (Okurasho, 1982:4). As Washington's call for a yen revaluation became more and more audible and insistent, Tokyo announced a program of eight specific defensive measures in early June. Known officially as the Program for the Promotion of Comprehensive Foreign Economic Policy, this eight-point program was unmistakably aimed at warding off the growing pressure for a revaluation of the yen by controlling Japanese exports and increasing imports, thus helping Washington balance its own trade account and hopefully get off Japan's back (Watanabe, 1981:198).

The exchange rate crisis was of paramount significance to the Japanese government. As such, it would be expected that the crisis would be handled by the country's senior political leadership, that is, the cabinet controlled by the leadership of the Liberal Democratic Party. And, in some respects, the LDP leadership was in a good political position to handle the crisis. In contrast to the Dutch cabinets above, the LDP was quite secure in its control of the cabinet. The LDP had been in power throughout the postwar period and had a sizable majority within the national legislature, the Diet (and at no time had dissident factions in Parliament engineered the downfall of the cabinet by a vote of no confidence). Yet the LDP was itself significantly fragmented by its own structural factions which were at this time like mini-parties that competed for control of the party's top leadership posts. Although insulated from parliamentary overthrow, competition among factions was intense and it was not unusual for

cabinets to change as a result of policy failures or a shift in the balances among the factions composing the cabinet. As a result, Japanese foreign policymaking has typically involved great caution and a carefully crafted consensus on controversial issues—precisely the sort of constraints we might expect in a coalition of multiple autonomous groups.¹⁶

Japanese foreign policymaking in the exchange rate crisis did *not* involve the full LDP cabinet, even though that same cabinet dominated decision making on two other simultaneous issues—Okinawa reversion (Fukui, 1975; Destler et al., 1976) and recognition of the People's Republic of China (Ogata, 1988). Yes, the Japanese cabinet met immediately after the Nixon announcements, deciding that Japan should resist the U.S. move through multilateral consultations while implementing the eight-point stimulus expeditiously. Furthermore, a subsequent emergency meeting of the cabinet subcommittee, the Council of Economic Ministers, produced consensus decisions that sought to maintain the current exchange rate along with engaging in diplomatic consultations and initiating a domestic economic stimulus. But the actual locus of decision making moved to the Ministry of Finance and its various officials, including both of its senior ministers, their advisers, and the semiautonomous Bank of Japan. Despite the paramount political importance of this crisis, the prime minister and other LDP leaders adhered to a well-established rule of decision making within the Japanese government on issues that do not require legislative action; such issues are normally left to bureaucrats to decide, especially if the problems are highly technical. This tendency was reinforced by the current prime minister, Sato Eisaku, who not only was preoccupied with other issues with the United States (Okinawa and the textile dispute), but was an extremely cautious politician who would wait for consensus to form among his subordinates before he would act on any controversial policy issue (Kusuda, 1983).

Still, decision making within the Ministry of Finance did not take the form of a single group under the authority of Minister of Finance Mizuta Mikio. The *de facto* dispersion of power across separate actors (particularly the semi-autonomous Bank of Japan) was apparent from the beginning of the MOF deliberations. In its initial meetings, soon after the August 16th cabinet meeting,

¹⁶In fact, most literature on Japanese foreign policy decision making highlights the severe constraints posed by factional politics within the Liberal Democratic Party cabinet. Along with the overviews cited in footnote 1, see case studies of security issues by Hellmann (1969), Fukui (1970, 1977b), and Welfield (1976) as well as of economic issues by Destler, Fukui, and Sato (1979) and Fukui (1979). This literature, particularly that dealing with economic issues, challenges the view that Japan's bureaucratic-dominated government acts, as a rule, with unity of purpose, consistency, foresight, and in the nation's best interest (Vogel, 1979; Johnson, 1982; Pempel, 1982).

senior MOF officials and a few BOJ representatives met to discuss and decide whether or not they should close the Tokyo foreign exchange market the next day. The officials were immediately divided over the issue. While the two top MOF officials, Vice Minister Hatoyama Ichiro and Deputy Vice Minister Hosomi Takashi, favored the closure of the market in order to avoid further confusion in the marketplace, the ministry's International Finance Bureau (IFB) officials opposed such action on the grounds that the market could not possibly be kept closed for more than a week without causing serious problems for trade transactions and that, when the market was reopened, the government would be put in a position where it would have to permit either a revaluation of the yen or the introduction of a floating rate system or both (Yamamura, 1984:140–141).¹⁷ From the IFB officials' point of view, the only sensible thing to do under the circumstances was to keep the market open, implement the eight-point program, and wait for a multilateral solution to be worked out among the major industrial nations. MOF adviser Kashiwagi Yusuke and BOJ deputy governor Inoue Shiro sided with the IFB officials.¹⁸ Since neither side was willing to change its mind, they agreed to present both views to Finance Minister Mizuta and let him decide. Mizuta first postponed the decision until the next morning, then decided to keep the market open, in effect supporting the IFB against the vice minister.

The initial decisions taken on August 16th point to several features of coalition decision making within the Ministry of Finance. First, note that the MOF coalition decision unit did take action and that these decisions did not require unanimity. Minister Mizuta agreed to actions resisting American pressure for devaluation in a way that overruled two of the top MOF officials—a vice minister and a deputy vice minister. In essence, the opinion of the “currency experts” in the ministry prevailed over the top amateur officials, as journalists observed a few years later.¹⁹

Second, Minister Mizuta's decision should not be taken to suggest that he was operating as a predominant leader. As minister of finance, he acted as arbiter between the contending groups of MOF and BOJ bureaucrats and ruled

¹⁷ Also *Yomiuri shimbun*, August 18, 1971.

¹⁸ The experts insisted on keeping the market open partly because of the overwhelming weight (92%) of the dollar in Japanese foreign transactions (Watanabe, 1981:198–199) and partly because Japanese banks authorized to handle foreign exchange had accumulated huge dollar reserves, estimated at the time to be worth about Y 1 trillion at the par value, under an export promotion program with the BOJ's deliberate encouragement. In light of the uneven distribution of the dollar holdings among the banks and for fear of giving the impression of unfairness in its treatment of them all, the BOJ also opposed the shift to a floating rate system (Yamamura, 1984:142–143).

¹⁹ *Asahi shimbun keizaibu*, 1974:240.

in favor of the IFB experts' recommendation to keep the market open. To be a predominant leader he would have had to be able to make a decision on his own and then impose it on the entire government, including the MOF and BOJ bureaucrats. Mizuta was clearly not in such a position. He could not make a decision unless he was asked to do so by the bureaucrats and, even when he was asked to do so, was restricted to the options recommended by the bureaucrats. To have acted on his own would have violated the well-established rule of decision making in the Japanese government on issues not requiring legislative action mentioned above. In short, Mizuta acted, as any Japanese minister in a similar position would have, as an arbiter to choose between the two courses of action recommended by the bureaucrats, not as a predominant leader with freedom to choose any course of action he personally preferred.²⁰

Third, decision-making authority ultimately was centered around autonomous bureaucratic elements within the Ministry of Finance. The well-established rules of the game required the involvement of experts in both the MOF and the BOJ as equals in practice, if not in theory. On strictly legal grounds, the cabinet or a subcommittee of it could have acted as a dominant group. If neither did then the MOF bureaucrats could have made most of the key decisions without the concurrence of their BOJ counterparts. Given the force of tradition and custom, however, and the strong consensual norm that pervades Japanese society, it would have been quite extraordinary for either the cabinet or the MOF bureaucrats to claim such a role (Richardson and Flanagan, 1984:333–336; cf. Krauss, Rohlen, and Steinhoff, 1984). As it turned out, neither did, and the MOF and BOJ bureaucrats were jointly responsible for all the key decisions, while a cabinet subcommittee, the Council of Economic Ministers, was nominally involved in the decision-making process. As will be seen below, the power of the Bank of Japan is particularly striking—even in comparison to other experts in the MOF. Although the BOJ is legally subordinate to the MOF, the two groups cooperate closely and make decisions by consensus. This procedure is partly due to tradition and custom and partly to the fact that the BOJ's contingent of experts, concentrated in its Research and Statistics Department, is both larger and, according to several insiders, more capable than its counterpart in the MOF's Research and Planning Division.

Japanese policy and decision making did not remain stagnant, even though the full cabinet and the Council of Economic Advisors confirmed these deci-

²⁰The same applied to Mizuta's and BOJ governor Sasaki's actions on the shift to a floating rate system and the central issue of a yen revaluation. On both of these issues Mizuta and Sasaki simply ratified the consensus decisions previously reached among the bureaucrats.

sions the next day.²¹ Within a couple of days (by August 19th), some business leaders and academic economists close to the government had begun to call for a revaluation of the yen, not because they preferred a floating rate system but because they believed the exchange rate system to be on the verge of collapse unless the yen was revalued (Takeuchi, 1988:205). While political leadership in the cabinet and the Council of Economic Advisors refused to yield to such a view and stuck to their commitment to defend the cheap yen, there was important movement elsewhere within the government among bureaucratic officials. As was the case earlier, key decisions were made by the MOF and BOJ officials and no politicians, except members of the Council of Economic Advisors, were involved in the process to any significant extent. In fact, it was from within the MOF-BOJ coalition that Japanese policy began to change.

The change in government policy began on August 22nd, when senior MOF officials, including Minister Mizuta, met in a secret conference where Director Sagami Takehiro of the Research and Planning Division of the Minister's Secretariat presented a policy paper that outlined in considerable detail what steps the Japanese government could and should take in coping with the deepening crisis. He began with the argument that, should Japan continue to stick to the eight-point program alone and persist in its insistence on the maintenance of the existing dollar-yen exchange rate, it would only be isolated from the international community; therefore, Japan had really no choice but to change its policy (Yamamura, 1984:149). He then suggested that, theoretically, four policy alternatives were available: (1) increase the range of exchange rate fluctuation permitted under the existing fixed rate system (1% in either direction), (2) adopt a dual rate-system (as France had done), (3) unilaterally revalue the yen by either 10 percent or 15 percent, or (4) adopt a floating rate system. He proceeded to point out that neither alternative (1) nor (2) would help solve the problem at all, but alternative (3) with a 10 percent increase in the value of the yen was worth considering while a 15 percent increase would have too deflationary an impact on the economy, and, finally, alternative (4) might also

²¹ On the afternoon of the 17th, the regular cabinet meeting was followed by an emergency meeting of the cabinet subcommittee, the Council of Economic Ministers, where consensus decisions were made on several pressing issues: first, that exchange rate adjustments should be sought through a multilateral consultation at the forthcoming meeting of the Group of Ten (G-10) finance ministers; second, that the yen's current par value (i.e., \$1 = Y 360) must be maintained at all costs; and third, that the eight-point program must be fully implemented (Okamoto, 1972:324). The ministers also decided to send a government representative to Europe and the United States on an information-gathering mission. MOF adviser Kashiwagi was appointed as the emissary and left Tokyo the following day, the 18th, for Paris, from there to proceed to London and Washington. Before he left Tokyo he told his MOF colleagues not to close the market until he returned, probably on the 23rd.

be worth considering. This secret MOF meeting apparently began with the consensus that a yen revaluation was unavoidable and ended with a new consensus that the adoption of a floating rate system was also unavoidable.²²

The new MOF consensus was conveyed to the BOJ leadership the next day, Monday, the 23rd. The BOJ's senior officials, mainly from its Foreign and Business Departments, met and reaffirmed their support of the fixed rate system ostensibly on grounds that a floating rate system would seriously interfere with transactions between Japanese exporters and foreign importers (Yamura, 1984:150–151). They agreed, however, that it would not be possible to maintain the fixed rate system indefinitely and that, moreover, the MOF had the right to change the yen's par value in any case with the BOJ having no choice but to accept the MOF's decision. Then, early on the morning of the 24th, BOJ governor Sasaki Tadashi and MOF minister Mizuta met. Sasaki expressed his personal support for the shift to a floating rate system but asked for a few additional days, until the 28th, before a final decision was announced, so that he might bring opponents among BOJ officials around. The two agreed to a five-point memorandum of understanding: (1) adoption of a floating exchange rate system in the spirit of international cooperation; (2) implementation of the new system at the earliest possible date, but no later than the end of the week, that is, Saturday, the 28th; (3) issuance of a government statement upon the implementation of the new system; (4) intervention by the BOJ in the foreign exchange market in order to prevent speculative transactions; and (5) BOJ intervention when the yen rose by a certain percentage (about 7–8%).²³

This interministerial agreement reflected the recognition by MOF and BOJ officials of the futility of further resistance to accepting a floating rate and, as such, reflected the preferences of key MOF and BOJ officials—ones that overrode opposition by a minority of bureaucrats as well as the Council of Economic Ministers. Yet it was a broad compromise. Not only was the decision not implemented until August 28th, but the joint announcement by Mizuta and Sasaki stemmed from mutual concessions: it referred to the immediate shift to

²² MOF adviser Kashiwagi, one of the original decision makers, returned to Tokyo on the 23rd and reported that same night to the meeting of senior MOF officials, including Mizuta, that most European governments would refrain from acting hastily on their own and would wait for a multilateral forum to agree on a common action. He also reiterated his view that Japan should not unilaterally revalue the yen (*Asahi shimbun*, August 24, 1971; Uchino, 1976:514). Kashiwagi's view, however, was clearly a minority opinion now and failed to have much effect on the new consensus that had emerged among the ministry officials during his absence.

²³ The space for the percentage was left blank, but Director-General Takeuchi Michio of the MOF Minister's Secretariat, who attended the meeting, jotted down the numbers in his minutes of the meeting.

a floating system in points 1 and 2 in deference to the MOF's new position, while it also referred in points 4 and 5 to the BOJ's intention to continue to intervene in the foreign exchange market when the expected change in the yen-dollar exchange rate reached a certain magnitude. Point 3 about the timing of the official announcement of the MOF/BOJ compromise decisions was obviously decided by consensus. This compromise was then ratified by the cabinet *ex post facto*. In their simultaneous but separate press conferences, Mizuta and Sasaki both emphasized the provisional character of the decision and their intention to maintain tight controls over the foreign exchange market and to let the BOJ continue to intervene whenever necessary, that is, not only to practice a dirty float but also to try to return eventually to a fixed rate system.

In sum, although the "dirty float" was extremely expensive for the Japanese government, this compromise avoided deadlock and enabled the fragmented Japanese government to adjust relatively quickly to new realities in the international economy by abandoning its prior consensus supporting fixed exchange rates. Several factors permitted this compromise to occur. One was that established decision rules did not require unanimity within the coalition decision unit. Thus opponents within the unit could be overridden (e.g., the BOJ) or were, in fact, overruled (e.g., the minority of bureaucrats led by Kashiwagi). Another was the range of positions on the issue, that is, those officials who recognized the need to adjust had relatively proximate positions and were willing to bargain with one another. Finally, the nation's political leadership in the cabinet was willing to defer the decisions to the ministerial experts, and as a result the decision did not invoke the factional deadlock that often occurred on other issues. These well-established norms not only narrowed the range of policy positions but also served to depoliticize the issue so that parties were willing and able to bargain without appealing to supporters in the wider political arena. All this is in sharp contrast to the deadlocked Dutch government where U.S. missiles threatened the government's survival. However, like its Dutch counterpart, the established decision rules in the Japanese government served to contain the crisis. Such cannot be said of our third case: Iran's handling of the American hostage crisis.

Anarchy Model: The Iranian Hostage Crisis with the United States

The defining feature of this case is the near total absence of accepted, basic rules for decision making, a situation that is typical of less-institutionalized political systems (see Hagan, 1993: ch. 2). The absence of accepted decision rules greatly complicates the policymaking process, especially when power is dispersed across actors within a coalition decision unit. This complexity is manifest in several basic ways, each of which extends Dodd's (1976) notions

regarding information uncertainty to far greater extremes than found in any Western democracy. First, as suggested by Druckman and Green (1986) in their coalition analysis of post-Marcos regimes in the Philippines, the absence of established procedures such as voting creates fundamental uncertainties about what kinds of political resources (force, legitimacy, economic benefits) are necessary to influence the nature of any decision and in what amounts. Second, this uncertainty suggests that when an agreement does emerge it will reflect a much less precise process than is found in conventional cabinet coalitions. In particular, without voting rules it is unclear how resources are combined to reach a decision. The result could easily be an oversized coalition as advocates of a policy rationally ensure against the political uncertainties on which the decision rests (Dodd, 1976). Third, as Tsebelis (1990) contends, decision conflicts are likely to become fights over the shaping of the rules themselves. Where institutions are weak or absent, the nesting of policy and political strategies can be severe, sharply intensifying and transforming the nature of the political game. The potential for each coalition actor to use foreign policy as a means of political survival (e.g., aggressively resorting to nationalism) is a viable option in such situations.

Iran's handling of the "hostage crisis" with the United States offers a clear example of decision making by a coalition decision unit that has few, if any, established rules or procedures for making decisions.²⁴ Not unlike other revolutionary regimes (see Walt, 1996), the seizure of the American embassy in November 1979 posed a severe threat to Iran's new revolutionary regime right at the time when alternative constitutional arrangements were first being proposed. The seizure of the embassy by radical student militants operating on their own was not, of course, an action of the government. Although viewed in different ways by moderate and hard-line elements within the revolutionary coalition, it was clear to all that the implications of the hostage situation were considerable. A crisis with the United States jeopardized trading relations with the West and exacerbated difficulties already apparent in the declining postrevolutionary economy. Furthermore, it increased the revolutionary regime's international isolation and even created the possibility of an American intervention. Equally severe were the domestic political implications of the crisis. Not only did the students' actions defy government authority, the symbolism of holding the embassy and confronting the Carter administration went straight to the heart of the question of legitimacy raging at the time in a highly volatile Iranian political system. Conciliation on this issue could, quite simply, undercut the

²⁴ Analysis of this case draws directly on Stempel (1989) and, in turn, upon Stempel's (1981) book-length study, *Inside the Iranian Revolution*, as well as on the various sources cited throughout the description of the case.

revolutionary credentials of the new regime as well as the political position within the government of any proponents of such moderation; that is, those who wanted to release the hostages were “not truly Islamic” (the clerical right) or “toadying to the Western imperialists” (Marxist left).²⁵ As such, the crisis was intertwined with the vulnerability of the regime, the fragmentation of authority within it, and the evolution of the revolutionary regime—including the precise institutions and norms in its still evolving constitution.

The absence of any constitutional order sharply magnified all of these pressures. At the time of the hostage seizure the situation within the Iranian government—then, the Provisional Revolutionary Government (PRG) headed by moderate nationalist Mehdi Bazargan—was one of extreme flux; that is, not only was a constitution yet to be adopted, but the range of legitimate political activity was being progressively narrowed. Originally, the PRG, as the Ayatollah Khomeini’s designated government, had had widespread support among almost all of the public and virtually all organized political groups, which had given it the authority to implement revolutionary changes, dismantle the Shah’s political order, and fundamentally restructure the historically close relationship with the United States. However, after just a few months in power, the political position of the PRG began to deteriorate at all levels with sharp divisions emerging over various policy issues, including the increasingly politicized issue of relations with the West. In particular, the PRG faced opposition from radical Islamic clerics among the broader revolutionary leadership (but not members of the government itself). Adopting an exclusionary political strategy, these radical clerics began to pick away at both moderate and leftist forces at all levels of the political system, including those in the original revolutionary coalition. First to leave (in April 1979) the government were the National Democrats and then the National Front, both Western-focused organizations seeking to reshape Iran’s government in the European social-democratic model.²⁶ Similarly, leftist elements of the coalition such as the People’s Fedayeen and other radical Marxist groups were driven underground because of their opposition to clerical domination in the shaping of “Islamic socialism” and various other cultural and constitutional issues.²⁷ Not long after the outbreak of the crisis, when it became apparent that Khomeini would not overrule the students, the

²⁵ A brief description of this interplay can be found in Richard Cottam’s opening chapter in Ramazani (1990).

²⁶ The National Front was the party of former Prime Minister Mossadeq. Its leader, Karim Sanjabi, was the foreign minister in the moderate Bazargan’s first cabinet while the leader of the National Democrats was Mossadeq’s grandson.

²⁷ By contrast, the more Islamic (as opposed to Marxist) Fedayeen and Mujahidin groups continued to play important roles, sliding in and out of support for the Provisional Revolutionary Government.

moderate Bazargan resigned and Khomeini transferred authority to the newly created Revolutionary Council (Stempel, 1981:226).

Chaos and fragmentation were the hallmark of decision making *within* the struggling revolutionary coalition consisting of the Ayatollah Khomeini, moderates in control of government ministries, and hard-line clerics lodged in the new Revolutionary Council. Despite his prominence as the unchallenged leader of the Islamic revolution, Khomeini did not act as a predominant leader. His policymaking role was one of disinterested aloofness. As the *Velayat-eh-Fagih*, or Supreme Jurisprudent, who acts as the guardian of state authority according to his own theory of Islamic government, Khomeini deliberately kept himself insulated from day-to-day politics. Although he would intervene on occasion to ratify policy decisions (or “nondecisions”), he was not a decision maker in the sense of a single predominant leader or even an active participant in the policymaking process. His role might best be described as that of a court of last resort. When political conflict became too intense or threatening to the regime (and its legitimacy), Khomeini would decide on a politically acceptable policy line which all then followed—at least until they tried to reverse it the next time. He was, at most, a passive—but never entirely absent—member of a larger decision-making coalition.

No single actor—neither individual nor group—within the revolutionary coalition was capable of filling the void created by Khomeini’s political style. On the one hand, no institutional entity existed with the clear authority to deal with the hostage crisis. In fact, as we have already observed, soon after the hostages were seized, Khomeini replaced the PRG with a new structure—the Revolutionary Council—which was to be the supreme authority in the Iranian regime. Its own power was, however, never fully established. Not only did Khomeini retain influence, but the Revolutionary Council had to share authority with other government entities particularly after a new constitution created a separate office of the president. Moreover, the Revolutionary Council was broadly split into two increasingly polarized political groups: the radical clerics of the Islamic Revolutionary Party and the relatively moderate government officials left over from the Provisional Revolutionary Council. Neither group was willing or able to dominate the Revolutionary Council. Furthermore, decision-making rules such as voting procedures were not well established; indeed, increasingly the very membership of the Revolutionary Council was open to question.

The largest group represented in the Revolutionary Council was the Islamic Republic Party (IRP), the most consistent and continuing player during the entire crisis. Though composed of many factions, it included most of the revolutionary coalition’s religious elements and was led by radical clergy such as Ayatollah Behesti, Ayatollah Montazari, Hojotallah Ali Akbar Hashemi Rafsanjani, and Ayatollah Khomeini. The IRP’s strength came from its senior clerics who, through their own feudal, quasi-bureaucratic networks, gradually acquired

control of certain government ministries as well as most nonstate organizations. They had the support of Khomeini. Though they could not agree on questions regarding private property, the export of the revolution, and the relative evil of the U.S. and USSR, their common interest in holding power was strong enough to give the party political clout. They did, however, have internal consensus concerning commitment to Islamic government, rejection of Iranian nationalism in favor of pan-Islamic goals, and an intention to adhere to a "no East, no West" foreign policy which seeks economic self-sufficiency and supports Third World liberation movements and terrorism as state policy.²⁸ Furthermore, within the IRP there was a shared distrust of other groups in the revolutionary coalition; as a result, it became the driving force behind the regime's exclusionary political strategy.

Despite its power, the IRP was not able to dominate the revolutionary coalition and government institutions, but had to share with moderates and secular religious nationalists. These individuals were originally grouped around Prime Minister Bazargan's Liberation Movement of Iran and the coalition leadership of the PRG. They wanted an Islamic Republic that would uphold democratic values, in contrast to the radicals' authoritarian ideology. They also favored a foreign policy that put Iran's national interest first, and sought some accommodation with the West. Bani Sadr, who was elected president of Iran in January 1980, also fell into the secular wing of the revolutionary coalition, although he was not a moderate like Bazargan but a leftist Islamic academic figure. Though he originally favored releasing the hostages, he did so because he wanted to establish an Islamic Marxist state. The power of these more moderate and secular elements stemmed from several sources. They had well-established reputations as part of the anti-Shah movement, and they apparently were considered by Khomeini to be essential to the revolutionary movement (perhaps as a counterweight to the IRP and other radical elements). Furthermore, they were represented in the various institutions of the new revolutionary government, including the government cabinet, the Revolutionary Council, and later on the presidency under the new constitution.²⁹

²⁸ For elaboration on this point see, in particular, Zabih (1982) and Taheri (1987).

²⁹ The weakness of these more secular elements lay in the fact that they had no mass political organization like the IRP. The Liberation Movement of Iran (and, indeed, the National Front and its allies) was little more than an elite collection of middle-class revolutionaries left over from the Mossadeq period. They had joined with the clerics and Khomeini, believing that strategy to be the only viable basis for generating mass support, and depended upon the leftist factions, both secular and religious, for disciplined organizational efforts among the youth and lower middle class. More so than the radical clergy, they were ultimately very dependent on the trust and support of Khomeini.

Hostage crisis politics point to a fourth actor in Iran's coalition decision unit on this issue: the student militants holding the American embassy. Never a unified group, the students involved in the embassy takeover ranged from leftist religious radicals who favored a relatively secular constitution to others with close ties to the radical clerics. Despite divisions on constitutional issues and other matters, the students shared the IRP's fear that the United States was planning to subvert the Iranian revolution and return the Shah to power, as it had allegedly done in 1953 (Roosevelt, 1979).³⁰ Their influence on the hostage issue lay in their immediate physical control over the lives of the Americans as well as the fact that they operated beyond the authority of even their supporters in the Revolutionary Council (Stempel, 1981; Zabih, 1982). Throughout the crisis, they successfully resisted efforts by moderate leaders to place the hostages under the control of the government, often with the support of radical leaders and occasionally even Khomeini.³¹ But, at the same time, though, they were unable to carry out their demand that there should be public trials of the hostages if the Carter administration did not return the Shah and his alleged wealth to Iran.³² The students holding the embassy did not appear willing to defy Khomeini, even though at the same time they were a wild card in the eyes of the government.

Taken together, then, policymaking within the Iranian government approached anarchy. Not only was power fragmented between contending political groups, but these groups were sharply polarized over basic questions regarding the future political order (linked to foreign policy) and, indeed, were competing for their very political survival. The near complete lack of any established decision rules compounded the situation to the point that it was often unclear just where power resided and which actors had the authority to act. The results were two-fold. At one level, political infighting provoked a near continuous stream of

³⁰On two occasions, in February and May 1979, members of the Fedayeen and Mujahidin (the leftist religious radicals) had attempted unsuccessfully to take possession of the American embassy, as a means of undercutting rapprochement with the West.

³¹Further complicating the situation was the ability of opposition groups (e.g., the Fedayeen and Mujahidin) outside the decision unit to put pressure on the students and the government, usually through IRP contacts, but occasionally in the streets, as did the Hesballahi.

³²The decision to seize the embassy was apparently taken without the knowledge of the government, but certainly with at least the tacit approval of several of the radical clergy, some of whom came to the embassy the next day to tacitly and indirectly put the Ayatollah Khomeini's seal of approval on the operation. Within about a week the IRP leadership came to support the students' position, although they did not appear to have much enthusiasm for actually placing the hostages on trial.

anti-American and anti-Western criticism as various players demonstrated their nationalism credentials (and exposed any government attempts at pragmatic diplomacy to ease the crisis). At another level, an underlying deadlock persisted. No side was willing or able to alter the basic situation—that is, while the moderates were unable to gain the release (or simply control) of the hostages, the various radical elements were unsuccessful in their attempts to place the hostages on trial and punish them.

Despite all this, are there any factors that might have enabled or forced these contending factions to take substantively meaningful action to bring the situation to a close? One possibility is that the regime's "predominant actor" finally intervened to force a solution. In a way analogous to De Swaan's (1973) "pivotal actor," the predominant actor concept is not issue-specific but, instead, concerns the overall composition of the regime and the presence of one player who controls disproportionate amounts of key political resources (Achen, 1989; also Hagan, 1994). Clearly, Khomeini was predominant in this revolutionary regime. Although, as noted above, he was not actively involved in day-to-day affairs, he was a pivotal actor within a revolutionary coalition that could not directly challenge him. However, even though Khomeini surely had preferences on this issue, he withheld them at key points and instead saw this and other issues as ways of consolidating his power than as value preferences to be advocated. As noted above, his conception of leadership required that he be an arbiter of last resort, a philosophical guide rather than a strong executive. Hence, though his basic disposition was not to give the hostages back, he intervened rarely and only when the conflict among other members of the coalition became severe, for example, to reverse the March 1980 Revolutionary Council decision requiring the student militants to turn over the hostages to the Iranian government.

Even though there was no politically predominant actor in the regime willing to assert its influence, is there one actor with exclusive control over a critical resource who might exercise power? Druckman and Green's (1986) analysis suggests that such an actor may be able to independently implement certain policy options—in effect, operate as an undersized coalition. Especially in the situation of political anarchy, such an actor may well be willing to defy some members of the group and take extreme action—particularly if they believe they can mobilize wider public support to overrule the objections of other coalition players (who subsequently would not publicly oppose their action). The student militants were, arguably, in a position to act in this manner. They physically controlled the American hostages as well as the embassy and, as just noted, Khomeini did not permit the government to take over control of the embassy. They could have put the hostages on trial or worse. Of course, such did not occur. The student militants were apparently unwilling to defy the other members of the revolutionary coalition—or, more likely, were unwilling to risk defying Khomeini and his apparent wish to avoid more extreme punishment of

the hostages. Whatever the dynamics, there was no member of the coalition able or willing to impose an agreement.

If no single actor is willing or able to prevail in such a highly fluid political setting, are there other factors that propel contending actors to cooperate? One possibility is a severe threat to the nation's security and/or the regime's political survival, a situation analogous to those that have led to "national unity cabinets" during wartime (e.g., Britain and Israel) as well as to Iran's response to the *foreign* threat posed by Iraq's invasion. In this type of case, an oversized coalition would appear to be the rational strategy for enforcing agreement, since no actor will want to risk incurring the wrath of other players (whose tolerance levels are not necessarily clear) by attempting to force through its own preferences. The oversized coalition allows members to isolate particular opponents entirely and/or, if necessary, attract uncommitted players to their position with side payments. Although such might have been the initial strategy of Iran's broad revolutionary coalition, as the hostage crisis proceeded, its membership became more and more restrictive. The hostage crisis issue, rather than unifying the country in response to U.S. pressure and international isolation, actually intensified political competition within the revolutionary coalition. There was no consensus on the extent of the American threat—while moderates worried about the cost of international isolation, radicals welcomed it as a means of purifying the revolution and breaking from the West. The hostage crisis placed the regime's legitimacy problem in sharp relief and enhanced rather than curtailed the domestic tensions within the revolution.

In sum, no factors helped overcome the basic deadlock within the Iranian government. None of the groups was willing or able to work together on the issue in a way that moved beyond simply continuing to hold the hostages in the student-controlled embassy. But, unlike the Dutch and Japanese cases previously discussed where rules existed and the situation was carefully contained, in the Iran case the deadlock was visible to all. The hostage crisis was marked by barrages of extreme anti-American rhetoric involving repeated threats as well as open criticisms of other members of the regime. Given the fluidity in the Iranian decision rules and the extreme distrust among the members of the revolutionary coalition, verbal pronouncements were often made by actors in order to openly undercut opponents. Decisions, in effect, took the form of fragmented symbolic action. Although verbal and contradictory, and in no way resolving the crisis, this ongoing verbal foreign policy was still significant. First, it politically undercut initiatives with the West to resolve the crisis and, second, it greatly inflamed tensions with the United States as the Carter administration took such rhetoric as indicative of Iranian intentions. Had rules existed and domestic conflict been contained (or, papered over as in the Dutch case), it is arguable that the crisis could have been handled more effectively—at least with respect to the international pressures Iran faced and the costs it ultimately paid.

The deadlock was broken—and then only gradually—when the political makeup of the regime changed. The period between the decision to keep the hostages and the final decision to release them was marked by intensifying international (including the Iraqi invasion) and U.S. pressures as well as major changes in the Iranian political scene. A presidential election held in February surprisingly was won by the moderate candidate, Bani Sadr, who viewed the hostage crisis as undercutting the revolution. His attempt in March 1980 to gain the release of the hostages was, however, reversed by a 7–6 vote in the Revolutionary Council when Khomeini, acting at the behest of the student militants and other fundamentalists, blocked a deal that would have transferred control of the hostages from the militant students to the Bani Sadr government (Salinger, 1981; Stempel, 1981:11). The radical clerics in the IRP had sided with the student militants because they saw resolution of the crisis as not only favoring the West but also shifting the internal power balance to Bani Sadr and the more moderate revolutionaries.

Only when the IRP had consolidated considerable power was it willing to tolerate negotiations. That came about as a result of the May election. IRP candidates acquired control of over two thirds of the Majles seats and promptly elected Hashemi-Rafsanjani to be its speaker, forcing Bani Sadr to appoint Mohammed Ali Rajai prime minister. The hard-line clerics were now politically dominant, and Beheshti, Speaker Rafsanjani, and Prime Minister Rajai were becoming a powerful triumvirate. Political infighting between Bani Sadr (who now had support from the leftists, including some revived elements of the People's Fedayeen) and the IRP continued with periodic fragmented verbal pronouncements in its foreign relations.³³ Yet emergence of a relatively coher-

³³ Although the political situation had changed considerably, the decision unit continued to be a coalition of autonomous actors. Khomeini remained as the predominant leader, but he still adhered to the role of the Fagih and avoided direct participation in governmental processes. He continued to delegate authority, not to any single individual, but to the Revolutionary Council, now increasingly united behind clerics of the IRP. It might be argued at this point that a single group—the Islamic Republican Party—had emerged as the single dominant actor within the government, if we grant that Beheshti, Rafsanjani, and Rajai compose such a single group. However, that assumption would ignore the political autonomy of the presidency under Bani Sadr as well as the militant students holding the hostages. Furthermore, under Bani Sadr, the presidency and executive branch returned to the role the PRG had played under Bazargan. The IRP and the clerics, indeed everyone on the Right, feared that Bani Sadr, an avowed secularist, would try to diminish clerical power. For that reason the surviving leftist People's Fedayeen and Mujahidin groups rallied around him, hence the presidency and those favorable to Bani Sadr's views became the opposite pole to the IRP. Both sides lobbied the student militants and tried to bring them around to their preferred policy conclusions.

ent government dominated by the IRP proved to be an important domestic political precondition to the eventual release of the hostages. In mid-September, Iran finally put forth an overture through the German embassy that led to the critical meeting signaling the onset of serious negotiations to end the hostage crisis.³⁴

While the stabilization of the Iranian political scene reduced the domestic constraints surrounding the hostage issue, several unexpected events increased international pressure on the government to act to resolve the crisis. First, Iraq's attack on September 22 across a 400-mile front created intense pressure, especially on the radicals, to end the Western blockade of Iran and to obtain help. Second, Iran's isolation was further underlined in mid-October by Prime Minister Rajai's failure to get the U.N. General Assembly to condemn the Iraqi invasion. Third, the defeat of President Carter in his November 4 reelection bid, coupled with the much harder line taken by President-elect Reagan, shook the Iranians badly. As a result of these pressures, bargaining began in earnest, leading to the hostage release on the day of President Carter's departure from office.³⁵ Clearly the international situation had changed, but it should not be lost on the reader that the changes within Iran were even greater—the hardliners had finally been able to consolidate their power within relatively stable constitutional arrangements. Put more succinctly and in political terms, while the international costs of keeping the hostages had become more salient, the domestic benefits of keeping them had largely disappeared.

SUMMARY AND CONCLUSIONS

The purpose of this article has been to sketch out a third type of decision unit—a coalition of multiple autonomous actors. Drawing upon theories of cabinet coalition formation, we have suggested a number of variables that govern the interactions of members of a coalition unit, that is, minimal size, policy

³⁴ A quiet, behind-the-scenes meeting was held in Bonn (Sept. 16–18) between a U.S. team led by Deputy Secretary of State Warren Christopher and an Iranian group led by Khomeini's son-in-law and confidante, Sadegh Tabatabai, a former deputy prime minister under Bazargan. In addition, on September 12, Khomeini finally announced his own conditions necessary for the return of the hostages: the U.S. was to pledge noninterference in Iranian affairs, return the Shah's money, unfreeze Iranian assets, and cancel all U.S. claims against the revolutionary government, including private ones.

³⁵ Accounts of the events leading to the release of the hostages are found in works by Stempel (1981), Zabih (1982), Sick (1985), and Bill (1988). Chapters by Robert Owen and Harold Saunders in Christopher (1985) give the best factual description of the diplomacy that took place during the hostage crisis.

space, pivotal actors, willingness and ability to bargain, and situational pressures at home and abroad. Furthermore, we have identified a key contingency variable—decision rules—that indicates coalitions may take one of three forms: (1) a “unit veto” model in which the coalition has established rules that require unanimity, (2) a “minimum connected winning coalition” model in which the coalition has established rules but they do not require unanimity, and (3) an “anarchy” model in which decision rules are largely absent. These three configurations have been explored, respectively, in the cases of the Netherlands and the 1979 cruise missile decision, Japan and the 1971 exchange rate crisis, and Iran and the 1979 hostage crisis.

The three cases examined here are by no means comprehensive, but they do suggest the diversity of decision unit structures and processes when the decision unit is a coalition—and the sharply divergent outcomes that can result. Two of the cases illustrate how extreme fragmentation in coalition decision units can lead to correspondingly extreme decisions—sustained political deadlock in two variations. The outcome of the Dutch handling of the cruise missile crisis was a very stable deadlock in which members of successive cabinets were unable to either accept or refuse the NATO missiles, while at the same time papering over their differences and arguably preventing the situation from exacerbating international and domestic tensions. The way Iran’s revolutionary coalition handled the U.S. hostage crisis was much different. Although a deadlock persisted in which the hostages could neither be put on trial nor released, the torrent of verbal infighting targeted toward domestic and foreign audiences served to escalate domestic conflicts and international tensions. The Japanese case reminds us that coalitions do not necessarily produce extreme outcomes. One value of this latter case is that it shows how even a fragmented coalition government can produce a broad compromise in a reasonable amount of time.

It would be a mistake, though, to infer that the three types of coalition decision units portrayed here always manifest the outcomes evidenced in these three cases. Actually, the cruise missile, exchange rate, and hostage crises are arguably not “typical” of Dutch, Japanese, and, perhaps, even Iranian decision making. That is, coalitions in the Netherlands generally operate as a single group, the Japanese LDP often deadlocks, and the Iranian government did respond to the Iraqi invasion. A key point, in fact, in all three cases is that the respective decisions were due to interplay between other factors and coalition structure. The concept of the pivotal actor is relevant to all three settings, although not simply in the sense of imposing its own preferences. In the Dutch case, the Christian Democrats were pivotal in the sense of projecting their own incapacity to decide on the rest of the government, while in the Japanese case, the minister of finance acted cautiously in response to altered opinions. In the Iranian case, Khomeini did not take any position, but in doing so created a political vacuum that prolonged deadlock and prompted a larger political game

among other actors in the coalition to seek legitimacy by asserting anti-Western nationalism.

Political beliefs and political relationships among coalition actors also interacted with coalition structure in helping to shape decisions. The relative positions (or policy space) among coalition members on the issues involved in the three cases were important to explaining what happened. The Japanese government was able to act, in part, because the MOF and BOJ were not polarized on the exchange rate issue, whereas the Dutch and Iranian debates reflected the more strongly held moderate and hard-line mentalities within each ruling circle. The willingness to bargain reinforced these tendencies. In the exchange rate crisis, Japanese leaders acted to keep the exchange rate issue from becoming politicized, while the Dutch leaders could not insulate their decision from the antimissile dissidents in the opposition and certain Iranian leaders had strong political incentives to openly politicize the hostage issue. These well-defined positions seem to have mediated the impact of the international pressures found in each of the cases. Only in the case of Japan did foreign threats and pressures reduce the level of disagreement in the coalition decision unit. In contrast, the intense NATO and American pressures faced by the Dutch and Iranian governments, respectively, propelled greater domestic alarm, intensifying not diminishing internal debate.

In addition to varying ability to achieve agreement (and avoid deadlock), the operation of these coalition decision units can also be examined in terms of “openness” to the environment, as raised in Margaret Hermann’s theoretical overview in this special issue. The cases highlight differences in the extent to which coalitions are open to information from the political environment. Among the three cases, the Iranian coalition was clearly the most closed to any environmental pressures. The Iranian hard-liners were able to defy severe international pressure and to block pragmatic adjustments by the moderates, while domestically engineering the suppression of other political actors in the promotion of their domestic political agenda. More than in the other two cases, the Iranian decisions were driven by internal imperatives—namely, the competition for power among contending actors in the revolutionary coalition. The Dutch and Japanese decision units, in contrast, were relatively open to environmental signals as would be expected from their well-established decision rules. Such rules enabled coalition members to work together in coping with external pressures, but it does not mean that the two decision units responded in the same way to the pressures. The government of the Netherlands—like the Iranian government—defied severe international pressures. But the logic in the two governments was different. The Dutch government was unable to respond because it was severely constrained, not by internal dynamics, but by the wider domestic political environment, for example, Parliament and public opinion. The actions of the Japanese government reflected sensitivity to international

pressures, mainly because LDP leaders kept the issue from becoming politicized publicly or drawn into internal LDP factional politics.

One further point is highlighted by these cases. Foreign policy episodes are usefully viewed as sequences of occasions for decisions that extend over time. The time frame may be a week or two, as in the Japan exchange rate crisis, or it may be a year or more—the Iranian hostage crisis lasted nearly a year and a half, while the Netherlands endured the cruise missile crisis for close to six years. In each of the cases described here, the governments made a number of decisions. Even the relatively responsive Japanese government first acted to resist the Nixon shocks and, only after “learning” the futility of protecting the yen, changed positions and decided to accept at least a partial (or dirty) float. In the Dutch case, as documented by Everts (1991), successive governments deadlocked. With regard to Iran, Stempel (1991) notes that there were several incomplete efforts at the release of the hostages. What is instructive about the latter two cases is not simply that they took longer. Rather, the deadlocks (in whatever form) were primarily the result of domestic political considerations—and ultimately led to the larger realignment of domestic actors. Dutch acceptance of the missiles was possible only after the demise of the dissidents with the decline of their public support and the weakening of their position in Parliament. Similarly, the Iranian government released the hostages after the hard-line clerics had established their dominance in that country’s politics. These two cases illustrate that coalition decision making—even when deadlocked for prolonged periods—is not stagnant, but instead is dynamic like the other two types of decision units. The main difference, like so much about coalitions, is that foreign policymaking has to be seen within the larger domestic context.

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