Industrial Crisis and International Regimes: France, the EEC and International Trade in Textiles, 1974-84

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Introduction

This article aims to contribute to the debate about international regime change through a case study of the development of the increasingly protectionist trade regime in textile and clothing products which has emerged since the early 1970s. The theories associated with neorealism, relying on the role of hegemony in the international system as an explanation of regime change, will be challenged. It will be argued that the 'sectoral pattern of trade policy cannot be explained by focussing on the loss of hegemony'.[1] This contradicts Vinod K. Aggarwal's explanation of change in the textile trade regime, as contained in *Liberal Protectionism*.[2] In contrast, this study indicates the importance of domestic political processes and of linkages between domestic economic interests and the international economy in shaping international regimes.

Since 1974, trade in textile and clothing products has been governed by the terms of the Multi-Fibres Arrangement (MFA), an agreement between the industrialised or 'high-wage' countries and the less developed or 'low-wage' countries (LDCs). The trade in question was for the most part one-way, involving 'low-cost' exports from LDCs to the industrialised countries. The MFA constituted a separate trade regime which sought to 'order' imports of textile and clothing products by industrialised countries from LDCs. Although the original four-year agreement was relatively liberal, negotiations for its renewal in 1976, and again in 1981, reinforced the protectionist provisions of the accord.

The question of regime change will be addressed through a study of the crisis in the French textile and clothing sector and its impact on EEC policy and eventually the MFA itself.[3] The analysis will essentially concern the two successive MFA renewals of December 1976 and December 1981. This corresponds to the period of most acute crisis in the French, and indeed European, textile and clothing industries. The crisis was associated with the general economic downturn, in turn linked to the two oil price rises of 1973-74 and 1979. Each oil price rise was immediately prior to the MFA renewal negotiations. Although the accord was again renewed in 1986, by this time the French industry was beginning to realise that further demands for even greater levels of protection were unlikely to succeed.[4] The industry had, by then, largely achieved its objectives within the realm of the possible.

The conjunction of the issues of trade and industrial crisis forms an important parameter of the case. Trade may be seen as an issue around which domestic and international variables meet. Trade affects the fortunes of industry, yet industrial policy – despite the internationalisation of industry itself –

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remains largely the domain of the nation-state. Trade is also organised into an international regime (the GATT) with important sectoral variations (such as oil and textiles).[5] World trade patterns have been affected by, and have been an integral part of, the continuing international economic instability of the post-1974 era. The growth of world trade has contributed to the increasing internationalisation of many sectors in domestic economies, following successive attempts at liberalisation in the post-war period. Through industrial crises, evolving patterns of trade in manufactured goods have posed problems for domestic political systems and for the stability of the international trade regime itself. The internationalisation of trade and production affected the policy preferences of French textile and clothing firms in a largely domestically-oriented industry. The industry was able to mobilise politically to press successfully for a protectionist trade regime. In short, the tension between the internationalisation of economic decision-making and domestic political and economic structures is manifested in the conflicts over the development of the trade regime.

Theory: Structure, Process and Domestic-International Linkages

Recent theoretical debate in international political economy has centred on the question of international 'regimes': 'implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge in a given area of international relations'.[6] Earlier interdependence literature[7] tended to stress the importance of domestic politics and transnational processes in explaining the international political economy. By contrast, the regime approach has been heavily influenced by neorealist thinking. This approach therefore, on the whole, presumes unified, rational state actors and tends to focus on systemic characteristics and variables such as hegemony, regime stability, inter-state bargaining, and pressures for co-operation versus conflict.[8]

The theory of hegemonic stability is perhaps the most prominent approach to explaining regime change in the various issue-areas of the contemporary international political economy. Its proponents essentially argue that, as stated by Robert Gilpin, 'the existence of a hegemonic or dominant liberal power is a necessary (albeit not a sufficient) condition for the full development of a world market economy'.[9] The dominant power must bear the 'cost' of providing the 'public good' of a liberal market economy and correspondingly strong, liberal international regimes. The dominant power must be able and willing to discipline others to prevent the problem of 'free riding'.

The logical corollary of this is that the established order of the international economy will tend to deteriorate as the hegemonic power declines and power within the international economy becomes more evenly distributed.[10] A more nationalist, competitive system, akin to mercantilism, may emerge in its place. The weakening hegemon will be less and less willing to bear the costs of openness (costs such as providing a market for distress goods) as the economic success of others in the system challenges the hegemon's capacity to do so while remaining competitive. The respective roles of Britain in the nineteenth century and the United States in the post-war period are held up as the primary examples to support the theory.

It is possible to argue a 'hard' version of the theory of hegemonic stability. Here it is asserted that the very function of the dominant power in an international market economy necessarily leads to the decline of the hegemon and the undermining of the liberal market system. 'The unleashing of market forces transforms the political framework itself, undermines the hegemonic power, and creates a new political environment to which the world must eventually adjust.'[11] The hegemon's role as provider of the public good, openness, leaves others the possibility of 'free-riding' and exploiting the system. The hegemon allows others this privilege in difficult economic times in order to preserve the overall liberal nature of the system. However, by bearing a disproportionate measure of the costs, the hegemon sows the seeds of its own demise. In the context of market competition, other countries catch up to and surpass the hegemon. This throws the liberal order into turmoil because the hegemon will tend to use its remaining power to defend its own narrow interests rather than promote the liberal order.[12]

This hard version of the theory is both structuralist and deterministic. Robert Keohane draws attention to the potentially deterministic nature of the theory in his book, *After Hegemony*.[13] In the case of Gilpin's version, there is a profound ambiguity throughout. While he appears to state unequivocally that the theory is not to be regarded as deterministic,[14] he insists earlier on that:

> Capitalism and the market system ... tend to destroy the political foundations on which they must ultimately depend. ... In time the hegemon becomes less able and willing to manage and stabilise the economic system. Thus an inherent contradiction exists in a liberal world economy: the operation of the market system transforms the economic structure and diffuses power, thereby undermining the political foundations of that structure.[15]

Nonetheless, it must be recognised that at its most sophisticated, the theory of hegemonic stability genuinely attempts to avoid the rigid determinism of the 'hard' version. Domestic attitudes and political processes are brought in to supplement systemic analysis.[16]

Aggarwal has examined the evolution of the textile trade regime in relation to the theory of hegemonic stability. He alleges that the systemic approach constituted by the theory of hegemonic stability provides the best explanation of changes in the textile trade regime throughout the 1970s and 1980s.[17] His version of the theory 'predicts strong regimes when a single power is dominant'.[18] Initially, the United States was able to order the textile trade regime in line with its preferences for the 'liberal protectionism' of the first MFA (1973).[19] However, as US power in the textile trading system declined, the regime became weaker and more oriented towards the protectionism preferred by the EEC.[20] As the hegemon could no longer assert itself as effectively as in the past, domestic interests pushing for protection were better able to assert themselves.[21]

Aggarwal does not ignore domestic factors in his international systemic explanation. However, he treats them in a curious manner, using them 'only for supplementary explanation'.[22] For example, in the case of domestic political processes and international bargaining, he states that, 'if we find decision-makers responding in a predictable fashion to international structural factors, then our confidence in the expectations generated by the theoretical model is bolstered'.[23] Domestic political and structural factors are only brought in by Aggarwal, not as part of the explanation itself, but as evidence that the explanation is accurate.

There has recently been an assault on systemic/international approaches to international political economy in general and on international regimes in particular. Following the publication of a number of major works developing the systemic approach and based largely on the theory of hegemonic stability,[24] the ability of the systemic or neorealist approach to explain the development of international regimes has been challenged.[25] Critics have pointed out the difficulties of accounting for regime change or understanding the international political economy with purely interstate or systemic variables. These critics allege that these systemic variables are often structural or organisational in nature.

More importantly, many of these systemic approaches seem either to underemphasise, or indeed to leave out altogether, the important linkages between the international and domestic factors that shape the international system. In the first place, domestic economic and political actors must respond to the internationalisation of economic decision-making. The expansion of trade has been considerable, and in addition, many firms have in fact become transnational in nature. This has meant that many issues escape direct state control, but the interests that seek to influence outcomes are nonetheless mediated by domestic political processes. Transnational interests and processes may well constrain sovereignty, but they are seldom linked together in formal institutions that span national boundaries. Regime theory must account for the role of the state as the focus of political conflict on both sides of the domestic-international divide.

This section argues three separate but related points by building on the 'sectoral approach' advocated by Susan Strange.[26] The first concerns the limitations of a systemic/structural or neorealist perspective as an explanation of regime change. One of the most prominent critics of the literature on international regimes, Strange has criticised 'academics in search of tidy models and general rules'.[27] She has pointed out that 'attention to these regime questions leaves the study of international political economy far too constrained by the self-imposed limits of the state-centred paradigm'.[28] A systemic level approach limits itself to asking, 'what are the prevailing arrangements discussed and observed among governments, thus implying that the significant and important political issues are those with which governments are concerned'.[29]

In contrast, a sectoral approach stresses the importance of underpinning analysis of the trade regime with an understanding of economic structures. Specific features of sectoral markets and production processes, such as differences in the nature of the product, the number and type of producers, the extent and nature of links with the international economy, and so on, do affect national decision-making and therefore the process of international negotiations.[30] In addition, the extent and nature of the industrial crisis in a sector will have a considerable impact on the bargaining process. Regime change is closely associated with the increasing internationalisation of economic decision-making, which gathered pace in the 1970s, and with the inability of national producers to adjust.

The second point relates to the importance of domestic-international economic and political linkages in the development of international regimes.[31] The particular patterns of interest intermediation within state structures must be understood. How these organised interests respond to the pressures of internationalisation within the domestic political process is crucial to a satisfactory explanation of regime dynamics. Aggarwal's 'process-tracing', which merely aims at charting 'the path through which the postulated theoretical model' of hegemonic decline affects decision-makers,[32] is insufficient. Domestic factors and their relationship to international economic structure are part and parcel of an adequate explanation of changing international regimes, not merely the arena for confirming the causal primacy of hegemonic decline.[33] This article therefore stresses the significance of a broader range of actors and variables than accounted for by explanations relying on systemic dynamics and inter-state relations.[34] Particular attention is paid to the political role of trade associations and their impact on international negotiations, both at the transnational level and within the state.[35]

Finally, the role of process variables, as opposed to structural variables, must be given more emphasis in explanations of outcomes in the international political economy. This article will attempt to avoid the structuralism and the, at least latent, determinism of the systemic approach. Domestic-international linkages should therefore be seen as interrelationships rather than one-way causal connections.[36] 'The impact of structure lies not in some inherent, self-contained quality, but rather in the way a given structure at specific historical moments helps one set of opinions prevail over another.'[37] Hence, it is not structure itself, but the politics which takes place within it, which is important. The changing structure of the international economy and the regimes which mediate it are shaped by the political conflicts occurring at domestic, transnational and international levels of analysis. 'The issue, then, is not whether the international system shapes domestic politics, but how and through what mechanisms.'[38] The same may be said of the ways in which domestic factors affect international outcomes. A focus on the structural characteristics of either domestic states[39] or the international system[40] cannot provide an adequate explanation of international bargaining or regime change. It is political conflict, within domestic societies and among states in the international system, which ultimately determines the direction of international regime formation and change.

To summarise, many factors must be taken into account where international regime change is concerned: the structure of international markets and production in specific sectors; the relationships between the state and relevant economic interests; the autonomy of state bureaucracies from their domestic interests; the bargaining power of actors in the international forum; and, finally, the nature of international arrangements for the management of conflict in various issue-areas (in other words, regimes). The interrelationships among these various levels are mediated by the modern industrial state, which remains the principal political focus for the management of economic change. To paraphrase Robert Cox, no one-way determinism need be assumed among the factors which have been identified.[41]

The systemic approach focuses too narrowly on the one-way causal connection between the power structure of the international system and domestic policy preferences. This article will demonstrate that hegemonic decline is neither a sufficient nor a necessary explanation of changes in the textile trade regime. In the words of Keman and Braun, 'the relationship between unit (country) and system (world economy) is not sufficiently elaborated by systemic analysis, and therefore the status of International Regimes as an intervening variable remains vague'.[42]

The Argument: Changing Economic Structure, Domestic-International Linkages and the Politics of Regime Change

In view of the theoretical points raised, how can one conceptualise the factors which led to the development of a highly-protectionist, multilateral trade regime which restricted the access of low-wage countries to the lucrative markets of industrialised countries? The sectoral approach, which has been developed and extended above, permits an examination of precisely how and on what terms 'economic changes integrating national societies with each other are bringing political changes'.[43]

The points raised in the theoretical section suggest a framework for analysis with an account of economic structures as the starting point. The internationalisation of markets and production in the textile and clothing sector and the terms of comparative advantage in world trade will be examined first. The changing structure of markets and production in the sector led to a severe industrial crisis in the industries of most high-wage economies. As trade and production in the industry became increasingly internationalised, national producers began to face increased competition on domestic and international markets from Western producers and LDCs alike. The 1970s also brought a downturn in economic activity, reducing the growth of markets for textile and clothing products in most Western countries.

The second important dimension concerns the question of domestic-international linkages. There are two aspects at issue here. The first concerns the interrelationships between evolving international economic structures and the structure of the domestic industry. This is crucial to explaining the crisis in the sector – a crisis which had such profound political consequences. Changing terms of competition on world markets and changes in the structure of demand in the markets of industrialised countries forced industrialists to confront their lack of competitiveness and gave rise to considerable political conflict over the sharing of the cost of adjustment and over the strategy to be adopted.[44] This was against a background of the general liberalisation of trade in manufacturing products dating from the provisions of the Treaty of Rome and the Kennedy

Round. National variations in domestic industrial structure had a significant impact on the emerging political conflict. Domestically-oriented 'traditional'[45] textile and clothing interests were put in jeopardy throughout the EEC. Analysis of regime change involves an understanding of the reciprocal effects of international and domestic structures, encapsulating the responses of firms to international structural change.

The other aspect is the political dimension of domestic-international linkages: specifically, the links between domestic political processes and the international politics of regime change. Part of the equation involved the role of industrial trade associations as actors in both domestic and EEC-level political processes. In the case of France, the nature of state-industry relations in the textile and clothing sector was such that pressure for regime change was intensified. The role of the state was therefore central: it formed the principal political link between domestic and international factors and was a major actor in its own right. Although it was the principal point of convergence of political conflict over regime change, the state was itself constrained by the EEC and the existing international trade regime. The state, of course, had to manage domestic political forces despite these constraints.

This discussion leads to the third point raised in the theoretical section. The dynamic nature of the relationships which have been described must be emphasised. The structure of international competition and of specific national industries formed the basis of conflict over trade policy within the EEC. However, it was the politics which took place within these structures,[46] as well as the organisational setting, which led to regime change. The most important 'process' variables in the case of France were the particular patterns of state-industry relations which had evolved in the post-war period and the nature of inter-bureaucratic rivalries within the state. These two factors largely determined the course of political conflict within France. The organisational/institutional setting on the international side was also important. The complexity of EEC institutions and the structure of negotiations in GATT made for a political process which helped the protectionist cause.[47]

Changes in the textile and clothing trade regime therefore continued to be a process ordered, on the whole, by agreements amongst states. This is the backbone of any regime. Conflicts, for the most part, reflected the conflicting pressures of domestic political processes (which were often incompatible across national boundaries), wherein declining economic sectors were frequently well-placed politically. However, with increasing internationalisation, many of these erstwhile domestic political forces had become transnational in nature, but with little in the way of formal institutions to give expression to this 'transnationalism'. Even the EEC remained a club of states on the whole.

It would now be appropriate to illustrate these points by looking at the actual factors which led to the development of a highly protectionist, multilateral agreement which restricted the access of low-wage countries to the lucrative markets of industrialised countries. The MFA constituted the basis of an exceptional trade regime for textile and clothing products. The argument, in brief, is as follows.

The interrelationship between domestic and international variables was complex. As Rosenau has put it, '[m]acro-micro links are as much two-way flows as they are unidirectional'.[48] The crisis in textile and clothing manufacture in Europe was similar to that of other sectors, such as steel and shipbuilding. Stagnant domestic demand, combined with the internationalisation of trade and production, had led to intensified competition on world markets in which domestic producers, long in a privileged and often protected position, felt the consequences. However, the specific nature of the French textile and clothing sector significantly affected the policy demands which were eventually articulated within the political system. Regionally-based coalitions of the industry in France were hard-hit by the crisis and were able to mobilise politically. The system of articulation of interests – the particular way in which they were aggregated within the employers' professional associations – left considerable veto power in the hands of local associations and firms. This meant that the preservation of the domestically-oriented, small firm structure of the industry became a primary objective of French textile and clothing associations. Such a strategy ruled out the instability associated with restructuring. Trade protection became the principal policy demand, and this was eventually successfully articulated within the EEC policy-making machinery, where French negotiators found allies in the British and other protectionist textile interests from across Europe which lobbied the Commission directly. Thus, the development of the global textile industry had a crucial impact on local economies, which in turn fuelled political conflict at all levels of the European political economy. The state and the EEC were faced with the challenge of managing pressures from macro- and micro-levels of aggregation alike.

Domestic-international linkages may also be seen in the light of transnational actors.[49] Firms developed different policy preferences corresponding to the level of internationalisation of their production and trading operations. Internationalised firms had fewer ties to, and interests in, a particular domestic economy. This led to political games and coalitions which spanned national boundaries. In addition, industry associations became partially institutionalised at the European level in the political process which centred on the quadrennial renewal of the quota system of import controls. For example, COMITEXTIL was an EEC-level employers' organisation which interacted continually with Commission officials and member-country representatives in Brussels. The state's capacity to control economic decision-making was being eroded at precisely the time that domestically-oriented industrialists were clamouring for insulation from intensified competitive pressures.

Industrial Crisis and International Trade in Textiles, 1974-1984

The argument, then, contradicts the explanation provided by the theory of hegemonic stability and the analysis provided by Aggarwal. This argument will now be supported by a detailed case study of the structural factors and political processes that led to an increasingly protectionist trade regime in textiles. The case study will begin, following the framework for analysis developed above, with an examination of economic structures and domestic-international linkages. The study will then turn to the political processes, both domestic and international, that led to regime change. This will begin with an account of domestic politics, and move to the international level of analysis, including the European Community.

Changing Economic Structure and Domestic-International Linkages

a) Markets and the Internationalisation of Production. In the early 1970s, several factors began to converge, resulting in severe difficulties for the textile and clothing sectors of most Western industrial economies. Changing terms of international competition, the internationalisation of trade and production and shifting patterns of demand for textile products, formed the parameters of change in the industry. The result was a severe crisis.

The GATT tariff reductions and the creation of the European Common Market had been political decisions which led towards the globalisation of competition and the creation of a world market. As these decisions began to transform trade in manufactured goods, the markets for textile and clothing products in industrialised countries underwent profound changes. First, shifting tastes reflected social change. Traditional wearing apparel[50] declined in popularity in favour of less formal and often leisure-oriented garments and accessories. Embourgeoisement led to the universalisation of fashion products, which had hitherto been reserved for the few. An extremely volatile and price-sensitive market began to emerge in many categories of goods.[51] At the same time, in a classic 'Engel's Law' effect,[52] apparel and household textile goods declined as a proportion of total household expenditure. With the decrease in real income growth associated with the economic disturbances of the 1970s, total demand for household textiles and wearing apparel stagnated or even declined.[53] There were differential effects for different products, but the overall trend was evident and served to intensify competition among producers.[54] Thus, the demand for textile and clothing products underwent profound qualitative and quantitative change. The domestic industry had to adapt to these changes, and when it proved less capable of adaptation than foreign firms, there was a tendency to blame the trade regime.

Other changes in economic structure occurred on the production side. The rise of new low-wage producers in the developing world made modernisation of the industry in industrialised countries an urgent priority. Important technological advancements made this both possible and costly. Many stages of the long and fragmented production process became heavily capital-intensive where modernising investments had been made. Those parts of the production process which remained labour-intensive could readily be transferred overseas by either contracting out or direct overseas investment. Modern textile firms in developed countries were no longer the caricature of traditional labour-intensive industry. The textile and clothing industries of many industrialised countries nonetheless exhibited an essential dualism, divided between modern, capital-intensive technologies and antiquated, inefficient firms.[55]

The terms of competition in the global textile industry were therefore becoming increasingly complex. Competition was intensified on the stagnant or shrinking markets of the industrialised countries, and those firms which had not invested in the modernisation of their production and marketing strategies found themselves in severe difficulty. It is important to note, however, that LDC exports to the industrialised economies were limited in terms of both quantity and product range.[56] Most trade continued to be among the industrialised countries themselves. In the case of France, the trade balance suffered most as a result of imports from the capital-intensive industries of the high-wage economies.[57] This is not to deny that imports from MFA countries grew considerably, but the international division of labour was not shifting inexorably to the advantage of the LDCs. Firms in developed countries could gain a competitive advantage in most textile product groups despite the LDC wage differential.[58]

In a heterogeneous production process, firms could benefit from different patterns of comparative advantage in a global context. They could choose to remain essentially domestic and adapt their product lines and production technologies to the exigencies of competition, or they could internationalise. There were two potential elements of an international production strategy which a firm could employ singly or in combination: multinational production with overseas plants, to be combined with imports of cheaper inputs; or outward processing to low-wage countries of more labour-intensive operations (mostly clothing assembly) in the production process, which could be combined with re-importation of finished products. These developments at the level of the domestic firm were of course both a cause of, and a response to, the intensification of competition and the globalisation of markets and production.

b) Domestic Structure. Given the internationalisation of trade and production in the sector and the key role played by France in galvanising the EEC in favour of protection, the structure of the domestic industry in France was an important variable in the interrelationship between the domestic and international factors that led to regime change. Changing market structure and the internationalisation of production obliged domestic firms to respond to the intensified competition. The differences in domestic industrial structure among the Common Market countries formed the background for the political conflicts that led to the establishment of a common EEC negotiating position for the reform of the MFA quota system.

The French industry had enjoyed a highly-protected environment in the post-war period.[59] In the early 1970s, the industrial structure was mixed. Despite some attempts at restructuring through concentration, the majority of firms in the French textile and clothing industry were small- or medium-sized, family-owned concerns, usually encountering severe difficulties in the deteriorating economic climate. They were the archetypal 'traditional firms' described by Suzanne Berger.[60] Although there were variations according to subsector, the mass of smaller firms was capped by a small number of large, usually horizontally-integrated conglomerates of European or even world dimensions. These were not necessarily internally rationalised nor even successful and profitable.[61] Continuing family ownership tended to interfere with restructuring and modernisation, and the process of mergers and takeovers that led to the formation of these firms seems to have resulted in the concentration of 'sick firms into large ones'.[62] There was in the sector, however, a limited number of dynamic, modern, medium-sized firms which were among the most successful in French industry. Although they tended to have an internationalised production strategy, these firms were by no means dominating the industry professional associations, which, as shall be seen below, would prove important in the articulation of political demands by an industry in crisis.

In contrast to France, most of the labour-intensive activities of the German industry (essentially clothing assembly) had been transferred overseas in the 1960s, either through direct investment or, more commonly, through outward processing. The German industry had undergone considerable restructuring and modernisation in the pre-crisis period, concentrating on activities where high technology, capital-intensive production processes could yield a competitive advantage. As competition continued to be largely among industrialised countries (despite the dramatic rise of new producers), the German industry had managed the dilemmas of internationalisation with some success. A broad layer of medium-sized, dynamic firms formed the backbone of the industry, managing LDC imports to their own advantage through outward processing or overseas production.

The British industry was among the most highly concentrated in all of Europe, but as may be expected, among the least successful. Since the 1950s, low-wage competition had taken its toll on an industry with chronic difficulties. Investment in the modernisation of production had been limited and the crisis severe. Firms responded with plant closures and lay-offs mixed with takeovers by larger firms. The industry came to be dominated by large, vertically-integrated groups with a scattering of family-owned concerns similar to those found in the French industry. By the late 1970s, a number of dynamic and innovative firms had begun to emerge.

The Italian industry was divided between large, often state-owned, vertically-integrated firms (with a reputation for being financial black holes) on the one hand, and a large number of new or modernised small or medium and extremely dynamic firms on the other. The latter, of which Benetton was the archetype, had developed ways of sharing up-to-the-minute market information while maintaining the flexibility and low overheads of a small company. They tended to lie outside the system of state subsidies (except to the extent that tax evasion can be alleged), and they contributed to an immense surplus in the Italian textile and clothing balance of trade. In value terms, the Italian trade surplus was the rough equivalent of the total exports of the four major LDC exporters – Hong Kong, Taiwan, South Korea and Singapore. Italian competition created severe difficulties for other EEC producers, especially Britain and France.

Of the smaller European states, the Netherlands and Denmark had small but efficient and internationalised textile sectors. Belgium and Ireland were less competitive, but their industries were relatively important to the national economy (representing 6.4 per cent and 6.5 per cent, respectively, of total manufacturing employment in 1977[63]). It is also worth mentioning, using France as an example, that the textile and clothing industry was important to particular regions of a given national economy. Though textile and clothing products were manufactured in most regions of France, in many of the older industrial agglomerations (such as the Nord, Alsace and the Lorraine), the difficulties of the textile sector became juxtaposed with the crises in steel, mining and shipbuilding, which shared the regional economic space. This added to the political sensitivity of the crisis in the sector.

The Politics of Crisis Management and Regime Change, 1974-1982

The conjunction of shifting demand, the internationalisation of trade and production, the rise of new producers, and the failure on the part of many European firms to adjust during the period of prosperity, led to difficulties which were accentuated by the world economic slowdown of the 1970s. The UK and France were the hardest hit of the major countries, but the crisis affected all of the EEC.

The effects of internationalisation differed according to the industrial structure and the political relationships between state and industry in the various national sectors. The policy positions of member governments in the EEC tended to stem from these factors. The European Commission, however, had responsibility for trade policy, and Brussels constituted a political arena all of its own. The process was dominated by negotiations among governments, but the Commission Directorates, national and European-level industry representatives (of capital and labour), and the legal framework and institutions of the EEC, all had their effect on government policy positions and processes. First, a common position had to be decided upon among the Commission, the Council and the various industry representatives. Then, the EEC negotiators had to bargain within the framework of GATT.

a) Crisis Management in France. The French textile and clothing sector experienced continual difficulties throughout the post-war period. Up until the 1974 oil shock, however, these problems were latent but, by 1975, they had reached crisis proportions. There were major plant closures, low average profitability, lower investment and, of course, lay-offs. Some 32,700 jobs were lost in the sector in 1975, an average of about 20,000 per year between 1976 and 1979, and over 25,000 per year in 1980 and 1981.[64] The sector began to decline not only in relation to other, more dynamic industries in the economy,[65] but also in terms of absolute production levels. The average annual growth rate from 1973 to 1979 was *negative* 1.5 per cent.[66] National producers suffered a loss of domestic market share in the face of import competition and this was not fully compensated by improved export performance. A massive trade deficit and the devastation of regional economies attracted political attention.

In previous attempts at restructuring during the 1960s, a system of quasi-clientelistic relations between the employers' organised intermediaries (the professional associations) and the state emerged.[67] There were two main reasons for this. First, the fragmented industrial structure of the industry accentuated the state's need for an intermediary in managing the sector. The professional associations themselves had evolved in such a way that voting was not weighted by firm size. The professional associations were also confederal, and this ensured that the equality among firms was preserved as veto power up to the national level peak associations. The employers' organisations thereby represented the interests of the majority of small, family-owned firms. As a result, these organisations were preoccupied with preserving the balance of interests in the sector and, therefore, insulating the inefficient firms from forces which might upset that balance.

Second, the Ministry of Industry's Textile Directorate, which was responsible for the policy management of the sector, was very weak. The Directorate needed its links with the industrial base, both for the information about the sector which was required for meaningful policy-making, and the industry's co-operation was necessary if subsequent policy implementation was to prove successful. Furthermore, and crucially, the Directorate relied on the extra-bureaucratic political influence of the powerful employers' organisations for success in inter-bureaucratic rivalries within the French state, usually with the Treasury department of the Ministry of Finance (Trésor).[68] Government coalitions also relied on textile interests in many electoral constituencies throughout the 1970s: elections were won at the margins, and regional crises and consequent job losses were a sensitive issue '...where a slight shift of votes would have been sufficient to chase the centre-right coalition from power'[69] (which it eventually did in 1981). Pressure came even from within the centre-right coalition itself, and Gaullist deputies from textile regions were often the most enthusiastic advocates of increased protection.[70]

In the late 1960s, a restructuring agency called CIRIT[71] was created, ostensibly to promote modernisation and concentration in the industry. The professional associations essentially gained control of this body. State aid was used to preserve the basic structure of the sector by helping marginal firms, instead of increasing overall competitiveness.[72] When the Ministry of Finance tried to wrest control of the restructuring agenda from the Textile Directorate, it was the power of the professional associations which prevented such an outcome. The result of this conflict was increased influence of the employers over the Ministry of Industry's directorate. The policy objectives of the employers' organisations became institutionalised in CIRIT throughout the 1970s. The professional associations controlled the restructuring agenda.

With the onslaught of the crisis, it became clear that modernisation had not been achieved and that it was difficult to disturb the 'restructuring' agency. Thus, trade policy became the focus of political conflict. Despite attempts by the Giscard regime to adopt a market-led adjustment strategy for the sector, textile and clothing interests representing economic liabilities were able to block the process of adjustment, gaining a breathing space through protectionist trade policies. The Socialist government headed by Francois Mitterrand demonstrated even greater willingness to support the protectionist cause.

With trade policy firmly at the top of the agenda by the mid-1970s, attention tended to concentrate on the successive renewals of the MFA system of quotas. An initially ambivalent government had taken on board the textile industrialists' concerns about low-cost imports (although this was manifestly not the primary cause of the industry's difficulties[73]). France became a champion of trade protection through strict quotas on low-wage imports in a multilateral, negotiated framework.[74] As trade policy is a responsibility of the EEC, this provides an opportunity to see domestic-international political linkages at work.

b) EEC Trade Policy. It is ironic that in France a government of declared liberal disposition eventually adopted the trade policy concerns of textile and clothing industrialists, who used their political resources to manage the consequences of internationalisation. Focusing on the renewal of the MFA in 1977, the Giscard regime championed the cause of a more restrictive agreement within the EEC.

The original four-year Multi-Fibre Arrangement (MFA I, signed in 1973) was a quota system under the auspices of the GATT. It consisted of a main multilateral agreement signed by all parties and a series of bilateral accords which set actual quota levels between participating industrialised and developing countries. It was modelled on the earlier Long Term Agreement on trade in cotton textiles.[75] Textile products were arranged into categories according to 'sensitivity', and quotas for each product group were established. When quotas were filled, importing countries were to consult with the relevant low-wage exporters, and 'voluntary' restrictions were applied. However, 'quota restrictions on imports could not exceed a minimum six per cent annual growth'.[76] The agreement could therefore be regarded as relatively liberal.

Liberal though it may have been, the economic assumptions that underpinned the agreement and the bilateral accords were undermined almost immediately. The buoyant economic climate and expanding market were gone by 1974, and the EEC machinery which administered the quota system was cumbersome and underdeveloped.[77] The agreement was judged a failure by many in the Community: from 1974 to 1975, US imports under the MFA rose by only 3 per cent. The EEC figure jumped 41 per cent![78]

The Community was, however, divided on the need for a new agreement, and the road to renewal was a long one. National governments and the EEC Commission had to develop policies individually. Then a common EEC position had to be negotiated. This was a game in which numerous transnational actors could be expected to play: national peak associations and EEC-level pressure groups such as the AEIH and COMITEXTIL (*Association Européenne des Industries de l'Habillement* and *Comité des Industries Textiles de la Communauté Européenne* respectively) and labour groups. Furthermore, the Community had to adjust to enlargement. The United Kingdom, Ireland and Denmark had just joined, and to add to it all, the various Commission Directorates were themselves divided.

The next step was for the Commission to negotiate the multilateral agreement with the LDCs and other industrialised countries, and this was followed by the negotiation of bilateral accords with individual low-wage exporters. Finally, the agreements all had to be ratified by member states and effectively administered, using national customs services, wherein not all the member countries even approved of the MFA in principle.[79]

c) The First Renewal, 1977. Given the structure of its industry and the policy networks which have been described, France led the forces in favour of a renegotiated, stricter agreement. Since enlargement, it had gained some important allies: Ireland and, more importantly, Great Britain. Despite the UK's traditional attachment to free trade, the dire predicament of British textile manufacturers and corresponding trade unions, backed by the Treasury for balance of payments reasons,[80] had swung the government in favour of stricter quotas.

Opposing the idea of a stricter agreement was West Germany, principally supported by Denmark and the Netherlands. The latter two had small, internationalised industries, and therefore were under less pressure than the French or British governments. In addition, Denmark and the Netherlands had strong commitments to Third World development, and the MFA was a clear affront to this. In the case of Germany, central government policy priorities were crucial in forming the eventual policy position. German ministries and the powerful central bank were convinced of the need for free trade. The German textile and clothing sector had adjusted well on the whole and many firms would have little to gain from more restrictive trade agreements, but the employers were nonetheless unhappy with the government's position. The government was apparently willing to override such pressure.[81] In the meantime, the EEC Commission was also divided. The Directorate-General for industry, lobbied by COMITEXTIL and national peak associations, accepted the case for stricter controls, but the Commissioner for competition policy resisted such a move.[82]

Agreement for a negotiating mandate was difficult to reach. After at least one false start, the decision to renew the MFA was taken in principle. Complete renegotiation was thereby ruled out – a blow to the protectionist coalition. However, member-state ministers did agree to seek tough new safeguards in the eventual bilateral accords. In rapid negotiations in Geneva, a protocol to tighten the terms of agreement and conclude strict bilateral accords emerged at the eleventh hour. The new agreement would be in force for four years from January 1978. Potential growth in 'most sensitive' categories of goods was practically eliminated. A 'surge clause' was inserted to prevent sudden increases in import levels in any category of products. The tremendous market power of the EEC, the short time available, and the one-on-one negotiating structure allowed the Community to dictate the terms of the bilateral accords with individual LDCs. The new agreement was on the whole a victory for the French position, goaded by its domestic industry and supported by Britain. EEC sectoral trade policy had entered an era of protection, at least until the agreement expired at the end of 1981.

The principal contributing factors appear to have been the extent of the crisis resulting from internationalisation, domestic industry pressure at all levels of aggregation, and the willingness of countries in favour of tougher restrictions to resort to unilateral measures.[83] In addition, the overall trade regime proved to be a significant constraint. All wanted the legitimacy of a multilateral agreement under the auspices of GATT. A general move to protectionism in all trade sectors was not in the cards.[84] Also important were the tremendous market power of the EEC and the pressure of time. At the end of 1977, the Community could have legitimately invoked unilateral controls under GATT, and the negotiating structure for the bilateral accords allowed the LDCs to be forced, one by one, to accept strict ceilings without major changes in the body of the MFA itself. The United States was no less successful here.

d) The Second Renewal, 1981. In spite of a two-year breathing space for European textile and clothing manufacturers, from 1977 to 1979, the second oil shock once more sent tremors throughout the sector in the Community. Imports were again on the rise despite MFA II, with the French industry leading the battle for a stricter implementation of the 1977 agreement, especially where fraud and evasion of quotas were concerned.

Attention began to focus once again on the issue of renewal, this time due at the end of 1981. Despite the tough restrictions, MFA II had failed to stem the tide of imports. Mediterranean countries with EEC associate status were able to export low-wage products outside the agreement. Italian exports continued to surge. It also proved next to impossible to gather and assimilate the information necessary to police the agreement. France once again felt it necessary to impose unilateral restrictions.[85]

As protectionist forces began to gather strength for an assault on the renewal process, the industry found an ideal partner in the newly-elected Socialist government led by Prime Minister Pierre Mauroy. Lacking the liberal pretensions of the former Barre governments, it essentially accepted the demands of textile and clothing interests for draconian restrictions in a new MFA III. This support for the industry position came against a background of the first ever trade deficit in both textile and clothing products combined.[86]

As the deadline approached, the complex EEC process began to gear up. Since the crisis was more severe and longer-lasting than ever expected, the protectionist camp had been reinforced. Although the Commission (with overall trade policy in mind) favoured a simple renewal on the same terms, it was under severe pressure from France (as leader), Belgium, Britain, Ireland and even Italy. Once again, West Germany led Denmark and the Netherlands against the French position. COMITEXTIL supported reinforcement of the agreement, as before, and trade unions and industrial groups exerted pressure at all levels. Even the German industry association took a harder line. The principal demands of the protectionist camp were: the adoption of a system of 'overall ceilings'[87] in addition to the product-by-product approach; non-transferability to another year of unused quotas; a rollback of the quotas of the largest exporters; a limit of under 1 per cent to the annual growth of quota limits; and, most importantly, a link between the growth of domestic EEC demand and the growth of imports.

German and Dutch government opposition in the Council of Ministers frustrated those in favour of these tougher restrictions. The EEC common negotiating position to be pursued in the multilateral forum was only agreed at the last minute. The result was a considerable victory for the forces led by France.[88] A reinforced protectionist trade regime was put in place, including the notorious link between the growth of importers' domestic demand and imports. The EEC insisted that the deal was dependent upon a rapid conclusion of bilateral accords with individual LDCs. The agreements eventually signed restricted the growth of 'most sensitive' imports to between 0 and 1 per cent.

The new regime governing trade in textile and clothing products, nested within the framework of GATT, was highly protectionist. It included 'voluntary' arrangements, outside MFA III, concluded between the EEC and Mediterranean countries and thus, controlled their exports as well. The entire spectrum of textile and clothing trade between high-wage and low-wage economies was tightly restricted, effectively frozen at its 1980 level. The multilateral negotiating framework within GATT had emphasised the power of the industrialised countries to define the conditions of trade.

Conclusion

In the case just presented, an analysis limited to international systemic variables such as hegemony or regime strength/stability would have been an over-simplification of a complex reality. The theory of hegemonic stability may have been able to predict a change in the trading order. However, declining hegemony is a spurious explanation of the changes which in fact took place in the textile trade regime.

The textile trade regime changed fundamentally as a result of the complex interaction of domestic and international structural, institutional and process variables. Regime change was intimately linked to changes in the nature of markets and production – in particular, the increasing internationalisation of the sector and the resulting crises in individual domestic economies. The state remained the focus for the political conflicts which emerged, although some of these were resolved at the European level through a combination of interstate bargaining, Community-level institutions and the influence of domestic and transnational actors at all levels of aggregation. At the systemic level, the overall structure of the GATT trade regime and earlier precedents in the textile domain, such as the LTA, were significant influences on the eventual outcome. However, the case study has demonstrated that declining hegemony was neither a necessary nor sufficient explanation of the development of a protectionist MFA.

The underlying source of change seemed to be the inability or unwillingness of the domestic industries of important EEC member countries to confront the challenge of internationalisation. This resulted in a severe crisis. Industrialists then used their political resources to initiate changes in the textile trade regime, principally via the negotiating positions of their respective governments. Particular patterns of interest intermediation were crucial to the outcome. The example of France illustrated that institutional arrangements lent power to protectionist-minded employers' interests. Representational patterns in the professional associations and the relationship of industry coalitions to their respective state bureaucracies largely determined foreign economic policies on a background of structural industrial difficulties.

Having made these theoretical points, this analysis must take issue with Aggarwal's conclusions on the development of the textile trade regime.[89] His argument about the dominance of international systemic factors in explaining the sources of regime change may be the wrong way around. Emphasis on the theory of hegemonic stability leaves his analysis constrained by a state-centred paradigm. Since, according to Strange, the chain of causality:

> so often originates in technology and markets, passing through national policy decisions to emerge as negotiating positions in multilateral discussions, it follows that attention to the end result – an international arrangement of some sort – is apt to overlook most of the determining factors on which agreement, in brief, may rest.[90]

Aggarwal's account does not entirely eliminate domestic political processes from the explanation. He recognises the importance of domestic political structures[91] and uses a method that he calls 'process-tracing' to chart the reactions of decision-makers.[92] However, by his own admission, process-tracing is only a method of relating decisions to systemic factors. Process-tracing essentially consists in charting systematically the decisions taken by policy-makers in the bargaining which leads to regime change. For Aggarwal, if decision-makers are found to be responding in predictable fashion to systemic factors, then confidence in his theoretical model of hegemonic stability is strengthened.[93] Although his 'process-tracing' is portrayed as a method to support the theory of hegemonic stability, the domestic factors he uncovers in the meantime appear much more fundamental to the process of regime change than his systemic model will admit. The fact that the EEC was strong enough to prevail in international negotiations, given a decline in US power, begs the logically prior question as to why the Commission would press for change at all. The relative decline of United States hegemony in the textile domain seemed of little relevance in fostering the development of a protectionist trade regime in textile and clothing products in comparison with the severity of the crisis in the European sector. Without this acute industrial crisis, the trading order would not have been challenged in the first place and European governments would not have attached so much importance to the demands of domestic and transnational interest organisations. They had, after all, been demanding protection for years.

This article has therefore argued for an approach which begins with changes in the structure of markets (demand) and production. These changes had a differential impact upon various coalitions of economic interests, most of which were situated in a national political system organised by a state apparatus. These coalitions in turn exhibited differential capacities to articulate their policy preferences. The way the sectoral policy process had developed over time conferred relative advantages on coalitions in some national settings, while circumscribing the position of others. The domestic-international linkages thus had structural, organisational and political dimensions.

Indeed, the linkages between changes in the international economy and the structural features of domestic industries provide the most potent basis for explaining regime change in this case. Internationalisation both jeopardised national industries and limited state capacity to respond. It also limited the impact of new trade policies. This illustrates a central dilemma of interdependence in the contemporary period: transnational forces have yet to find significant institutional expression outside the framework of the nation-state at a time when the state's capacity to manage internationalisation is under severe strain. This lends importance to the role of regimes in international society.

To summarise, economic structures, state and international institutions, and political conflicts and bargaining, were all determinants of regime change in a complex relational dynamic. Domestic reactions to the transformation of the international economy pressed national governments to change their policies. National governments in turn wrestled with the rules and norms of international regimes and the policies of other states. Firms which developed international production strategies no longer depended on domestic policies for their survival in a period of crisis. The French state, by no means a monolith, and the EEC, a highly fragmented institution, were the principal arenas of political conflict.

The benefits of co-operation through regimes are often obscured by the much more tangible political conflicts which afflict domestic and international institutions. The issue of a rational choice between clearly defined alternatives of co-operation and conflict most often does not arise. The operation of markets has always meant benefits for some and losses for others, and therefore it continues to be the subject of political controversy. To this end, politics has always circumscribed the process of economic development, and even in this era of international capital, it will continue to do so.

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The author wishes to acknowledge the invaluable editorial assistance of Magdalena Hernas and the many helpful comments and suggestions of William D. Coleman and Kim R. Nossal.

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2. See Vinod K. Aggarwal, *Liberal Protectionism: The International Politics of Organized Textile Trade* (Berkeley, CA: University of California Press, 1985).
3. In *ibid.*, Aggarwal has dealt at length with the multilateral negotiations concerning the MFA under the auspices of GATT. In order to illustrate the importance of the linkages between international market developments and domestic political processes, this article will focus primarily on the interaction between France and the EEC.
4. Interview with Mme. Bourdeleau, Union des Industries de l'Habillement, Paris, 20 February 1985; Union des Industries de l'Habillement, Propositions de l'Industrie Française de l'Habillement pour l'AMF IV (Conclusion de la Commission Economique), UIH internal memorandum (mimeo), 15 November 1984.
5. The concept of 'nesting', developed by Aggarwal, is useful here. See Aggarwal, *op. cit.*, in note 2, especially Part I on theory, pp. 27-28.
6. Stephen D. Krasner, 'Structural Causes and Regime Consequences: Regimes as Intervening Variables', in Stephen D. Krasner (ed.), *International Regimes* (Ithaca, NY: Cornell University Press, 1983), p. 2.
7. For example, Peter J. Katzenstein (ed.), *Between Power and Plenty* (Madison, WI: University of Wisconsin Press, 1978); Peter A. Gourevitch, 'The Second Image Reversed: The International Sources of Domestic Politics', *International Organization* (Vol. 32, No. 4, Autumn 1978); Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (Boston, MA: Little Brown, 1977).
8. Stephen Haggard and Beth Simmons, 'Theories of International Regimes', *International*

Organization (Vol. 41, No. 3, Summer 1987), pp. 498-509.

9. Robert Gilpin, *The Political Economy of International Relations* (Princeton, NJ: Princeton University Press, 1987), p. 86 and see also pp. 72-73. Gilpin's account will serve as a basis for this discussion, but this is not to dismiss other verions of the theory. See Aggarwal, *op. cit.*, in note 2, by way of example.

10. Robert Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984), p. 31.

11. Gilpin, *op. cit.* in note 9, p. 77.

12. *Ibid.*, p. 89.

13. Robert Keohane, *op. cit.*, in note 10, pp. 32-39.

14. Gilpin, *op. cit.*, in note 9, p. 86 and see also pp. 72-73.

15. *Ibid.*, p. 78.

16. *Ibid.*, pp. 72-73.

17. Aggarwal, *op. cit.*, in note 2, p. 4.

18. *Ibid.*, p. 4.

19. *Ibid.*, pp. 22-26.

20. *Ibid.*, p. 26.

21. *Ibid.*, p. 34.

22. *Ibid.*, p. 4.

23. *Ibid.*, p. 39.

24. For example, see Gilpin, *op. cit.*, in note 9, p. 39; and several of the articles in Krasner (ed.), *op. cit.*, in note 6.

25. For example, Haggard and Simmons, *op. cit.*, in note 8, pp. 491-517; James N. Rosenau, 'Before Co-operation: Hegemons, Regimes, and Habit-Driven Actors', *International Organization* (Vol. 40, No. 4, Autumn 1986), pp. 849-94; Helen V. Milner, 'Resisting the Protectionist Temptation: Industry and the Making of Trade Policy in France and the United States during the 1970s', *International Organization* (Vol. 41, No. 4, Autumn 1987), pp. 639-65; Stephen Haggard, 'The Institutional Foundations of Hegemony: Explaining the Reciprocal Trade Agreements Act of 1934', *International Organization* (Vol. 42, No. 1, Winter 1988), pp. 91-119. Susan Strange has contested the whole concept of regimes since it began to gain acceptance in international political economy. See, for example, Susan Strange, '*Cave! Hic Dragones!*: A Critique of Regime Analysis', in Krasner (ed.), *op. cit.*, in note 6, pp. 337-54; and Susan Strange, 'Protectionism and World Politics', *International Organization* (Vol. 39, No. 2, Spring 1985), pp. 233-59.

26. See, among the works by Susan Strange, 'The Study of Transnational Relations', *International Affairs* (Vol. 52, No. 3, July 1976), particularly pp. 341-45; 'The Management of Surplus Capacity: Or, How Does Theory Stand Up to Protectionism 1970s Style?', *International Organization* (Vol. 33, No. 3, Summer 1979), pp. 309-10; Susan Strange and Roger Tooze, 'States and Markets in Depression: Managing Industrial Surplus Capacity in the 1970s', in Susan Strange and Roger Tooze (eds.), *The International Politics of Surplus Capacity* (London: George Allen and Unwin, 1981), pp. 3-21.

27. Susan Strange, 'Protectionism and World Politics', *International Organization* (Vol. 39, No. 2, Spring 1985), p. 259.

28. Susan Strange, '*Cave! Hic Dragones!*: A Critique of Regime Analysis', in Krasner (ed.), *op. cit.*, in note 6, p. 349.

29. *Ibid.*

30. Susan Strange, 'The Management of Surplus Capacity: Or, How Does Theory Stand Up to Protectionism 1970s Style?', *International Organization* (Vol. 33, No. 3, Summer 1979), pp. 309-10; 327-28.

31. This was once of central importance to interdependence literature. See Peter J. Katzenstein, 'Introduction', in Katzenstein (ed.), *op. cit.*, in note 7; and Gourevitch, *op. cit.*, in note 7. Domestic-international linkages have been emphasised more recently by: Milner, *op. cit.*, in note 25; Rosenau, *op. cit.*, in note 25, in terms of 'micro- and macro-' level variables; and Haggard and Simmons, *op. cit.*, in note 8, stressing the importance of domestic political processes in determining outcomes. Gourevitch has also continued his concern with the two-way relationship between domestic and international factors in his book, *Politics in Hard Times: Comparative Responses to International Economic Crises* (Ithaca, NY: Cornell University Press, 1986). See, for example, the discussion in the final chapter, particularly pp. 234-36.

32. Aggarwal, *op. cit.*, in note 2, p. 39. The methodology of his study, including the role of 'process-tracing', is explained in the section beginning on p. 38. The issue of process-tracing is discussed at greater length in the conclusion to this article.

33. Along these lines, Robert Cox, in 'Social Forces, States, and World Orders', in Robert O. Keohane (ed.), *Neo-Realism and its Critics* (New York, NY: Columbia University Press, 1986) points out that any theory of international structure requires an explanation of the relationship

between social forces and configurations of state power (pp. 225-26).

34. As in Rosenau's account of micro- and macrovariables, *op. cit.*, in note 25.

35. Their importance is emphasised by Strange, *op. cit.*, in note 30, p. 327.

36. See Gourevitch, *op. cit.*, in note 7.

37. *Ibid.*, p. 904.

38. Gourevitch, *op. cit.*, in note 31, p. 65.

39. As in Katzenstein's strong state/weak state dichotomy of domestic structure in *op. cit.*, in note 7; and Aggarwal's similar use of the concept in *op. cit.*, in note 2, pp. 33-36.

40. As in the theory of hegemonic stability.

41. Cox, *op. cit.*, in note 33, p. 218.

42. Hans Keman and Dietmar Braun, 'Economic Interdependence, International Regimes, and Domestic Strategies of Industrial Adjustment', *European Journal of Political Research* (Vol. 15, 1987), p. 552.

43. Susan Strange, 'The Persistent Myth of Lost Hegemony', *International Organization* (Vol. 41, No. 4, Autumn 1987), p. 564.

44. For a further account of the importance of recognising sectoral differences in this regard, see Michael Atkinson and William D. Coleman, 'Strong States and Weak States: Sectoral Policy Networks in Advanced Capitalist Economies', *British Journal of Political Science* (January 1989).

45. In the sense meant by Suzanne Berger, 'The Traditional Sector in France and Italy', in S. Berger and M. Piore (eds.), *Dualism and Discontinuity in Industrial Societies* (Cambridge: Cambridge University Press, 1980).

46. *Pace* Gourevitch, *op. cit.*, in note 7, pp. 901 and 904.

47. For more on the organisational aspects of international regimes, see Gayl D. Ness and Steven R. Brechin, 'Bridging the Gap: International Organizations as Organizations', *International Organization* (Vol. 42, No. 2, Spring 1988).

48. Rosenau, *op. cit*, in note 25, p. 867.

49. See articles by Haggard and Simmons, *op. cit.*, in note 8, and by Milner, *op. cit.*, in note 25. Along with Rosenau *op. cit.*, in note 25, they see important domestic-international linkages through transnational actors.

50. Finished wearing apparel comprised the largest part (by a long way) and in fact the majority (by a small margin) of final consumption of textile products in Western Europe. See Pierre Hoffmeister, 'Le Textile Européen: Secteur en Crise', *Revue d'Economie Politique* (Vol. 6, 1980), p. 931.

51. See Jean-François Boss and Alain Boudon, *La Formation du Prix des Vêtements à la Consommation*, 2 Volumes (Paris: Les Cahiers de la CESA, 1978), pp. 67-145.

52. Income elasticities for specified products greater than one. See OECD, *Textile and Clothing Industries – Structural Problems and Policies in OECD Countries* (Paris: OECD, 1983), p. 29.

53. France, Sénat, *Rapport au nom de la Commission d'enquête parlementaire chargée d'examiner les difficultés de l'industrie du textile et de l'habillement*, *2è* session ordinaire de 1980-1981 (No. 282, 6 June 1981), p. 212, after CTCOE (Centre Textile de Conjoncture et d'Observation Economique) calculations.

54. France, Assemblée Nationale, *Rapport fait au nom de la Commission d'enquête parlementaire chargée d'examiner les problèmes de l'industrie textile et les moyens à mettre en oeuvre pour les resoudre*, 3 vols., 6è Législature (No. 2254, 18 March 1981), Vol. 3 (Annexes), pp. 52 and 55, after CTCOE calculations.

55. On the notion of dualism in modern industrial societies, see Berger, *op. cit.*, in note 45, pp. 90-98.

56. See Donald B. Keesing and Martin Wolfe, 'Questions on International Trade in Textiles and Clothing', *The World Economy* (Vol. 4, No. 1, March 1981), pp. 79-101.

57. France, Assemblée Nationale, *op. cit.*, in note 54, p. 172.

58. See Benoît Boussemart and Jean-Claude Rabier, *Le Dossier Agache-Willot: Un Capitalisme à Contre-Courant* (Paris: Presses de la FNSP, 1983), p. 26; France, Centre d'Etudes Prospectives et d'Informations Internationales (CEPII), *Les Economies Industrialisées Face à la Concurrence des Pays du Tiers Monde: le cas de la filière textile* (Paris: CEPII, August 1978), p. 65; OECD Report, *op. cit.*, in note 52, p. 88

59. See Lynn Krieger Mytelka, 'The French Textile Industry – Crisis and Adjustment' in Harold K. Jacobson and Dusan Sidjanski (eds.), *The Emerging International Economic Order: Dynamic Processes, Constraints, and Opportunities* (Beverley Hills, CA: Sage, 1982), pp. 129-66.

60. See Berger, *op. cit.*, in note 45.

61. There were some spectacular bankruptcies among the major firms, in particular the Boussac and Agache-Willot concerns.

62. Robert Jim Berrier, *The Politics of Industrial Survival* (PhD Thesis, MIT, 1978), p. 198.

63. OECD Report, *op. cit.*, in note 52, p. 15.

64. Institut National de la Statistique et des Etudes Economiques (INSEE), unpublished series (relates to *Collections de l'INSEE*, series E, no. 78). For a more detailed account of the extent of the crisis in France, see France, Assemblée Nationale, *op. cit.* in note 54, Vol. 1. Similar reports were produced by the Senate and the Conseil Economique et Social at roughly the same time.

65. OECD Report, *op. cit.*, in note 52, p. 15.

66. France, Assemblée Nationale, *op. cit.* in note 54, Vol. I, p. 50.

67. See Erhard Friedberg, 'L'Etat et l'Industrie en France: Rapport d'Enquête' (Paris: CNRS mimeo, 1976), and Geoffrey R.D. Underhill, 'Neo-Corporatist Theory and the Politics of Industrial Decline', *European Journal of Political Research* (October 1988), pp. 494-500.

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70. See, for example, the debate on the 1981 proposed budget for the Ministry of Industry in the National Assembly, *Journal Officiel* Edition Débats Parlementaires, (No. 79, 14 November 1980), pp. 3806-66. Other years revealed the same trend.

71. A merciful abbreviation for the following: Centre Interprofessionnel pour la Restructuration et la Modernisation des Structures Industrielles et Commerciales de l'Industrie du Textile.

72. See Underhill, *op. cit.*, in note 67, pp. 497-500.

73. See the arguments of Keesing and Wolfe, *op. cit.*, in note 56, pp. 94-95; and see also OECD Report, *op. cit.*, in note 52, pp. 136-37.

74. 'Nested' within the GATT, to paraphrase Aggarwal, *op. cit.*, in note 2.

75. For an account of the development of the textile trade regime prior to the MFA, see *ibid.*, Chapters 3-5.

76. Annexe B(3) of Arrangement Regarding International Trade in Textiles (MFA Treaty), translated from the French version as published in France, Assemblée Nationale, *op. cit.* in note 54, Vol. 3 (Annexes), p. 217.

77. On these difficulties, see Chris Farrands, 'Textile Diplomacy: The Making and Implementation of European Textile Policy 1974-1978', *The Journal of Common Market Studies* (Vol. 18, No. 1, September 1979), pp. 25-27, and Michael B. Dolan, 'European Restructuring and Import Policies for a Textile Industry in Crisis', *International Organization* (Vol. 37, No. 4, Autumn 1983), p. 589.

78. José de la Torre and Michel Bachetta, 'The Uncommon Market: European Policies towards the Clothing Industry in the 1970s', *Journal of Common Market Studies* (Vol. 19, No. 2, December 1980), p. 98.

79. Farrands, *op. cit.*, in note 77, pp. 25-26.

80. *Ibid.*, p. 28.

81. *Ibid.*, p. 29.

82. *Ibid.*, pp 28-29.

83. France and Britain had both done so in 1976-77, and threatened to do so again in the event of failure to negotiate a tougher MFA.

84. In many industrial sectors, coalitions of interests were not at all in favour of a move toward protectionism. See Milner, *op. cit.*, in note 25, for a convincing explanation of why this might be so.

85. To provide an illustration, this France had done in August 1979 (*Le Monde*, 10 August 1979), and in September 1980 (*Le Monde*, 17 September 1980). Paris invoked Article 115 of the Treaty of Rome, which was a safeguard clause requiring the authorisation of the Commission in Brussels, 75 times in 1980 for textile products alone. This was more than the total of all sectors for any other EEC member-state. New restrictions were imposed in concert with Ireland and Italy, with the authorisation of the Commission, in April 1981 (*Le Monde*, 23 April 1981).

86. Previously, the huge deficit in textile products had been compensated for by a surplus in clothing trade. See Benoît Boussemart, *Industrie de Main d'Oeuvre et Division Internationale du Travail – l'Avenir de l'Industrie Textile de la Region Nord-Pas-de-Calais*, 3 vols., (Thése pour le Doctorates [doctorat d'Etat] en Sciences Economiques, Université de Paris X [Nanterre], December 1984). Calculated from Annexe 3, after French customs statistics.

87. Or quota restrictions applying to all product categories as a whole.

88. Dolan, *op. cit.*, in note 77, p. 609.

89. See Aggarwal, *op. cit.*, in note 2, especially the introduction and conclusion.

90. Strange, *op. cit.*, in note 28, pp. 348-49.

91. Aggarwal, *op. cit.*, in note 2, pp. 33-35.

92. *Ibid.*, p. 14.

93. *Ibid.*, p. 39.