

Institutional Structures and Dynamics in the Policy-making Process: Hyundai and the Canadian Anti-dumping Case

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Abstract

This article presents a case which involves interesting conflicts between General Motors of Canada Ltd. and Ford Motor Co. of Canada Ltd. on one side, and Hyundai on the other in the Canadian auto market. The case also involves the trade and diplomatic relationships between South Korea and Canada. It shows how the cleavages within a liberal government can be strategically exploited by a small corporation; Hyundai was successful in using the various cleavages within the Canadian government. Information also plays an important role. In the joint and interactive decision-making processes, information helps to correct a potential market failure which may occur if private actors act solely based on their own perceptions. Without the information from the public sector, Hyundai could not have mapped out its active strategy.

I. Introduction

On July 15, 1987, Revenue Canada (RC) announced that it had decided to investigate the anti-dumping case regarding Hyundai cars imported to Canada, filed one and one half months earlier by the multinationals operating in Canada: General Motors of Canada Ltd. (GM) and Ford Motor Co. of Canada Ltd. (Ford). The complainants argued that the Hyundai imports seriously reduced their profits and employment levels in Canada. Thus, they said, without appropriate anti-dumping measures, the imports would damage their future contributions to the

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Canadian economy. According to the government, the complainants suggested that Hyundai was “dumping” cars in Canada at an average price 22% below what it was charging in South Korea.¹⁾

All this came as a great shock to the Korean government as well as to Hyundai itself. Korean exports have been the focus of many anti-dumping cases, but this was the first case involving automobiles in Korea's trade history, and in fact, in the world. A markup of more than 20 percent meant that Hyundai autos would be virtually excluded from the Canadian market, which represents over 30% of Hyundai export market. More important in the long run was the educated guess of more than a few industry watchers that GM and Ford were using the Hyundai dumping case as a test: if they won, it could lead to similar actions in the U.S. against both Hyundai and the more powerful Japanese auto makers. This case could also be a potential source of trade conflicts between the two governments Korea Canada trade relations, until then, had been very friendly and cooperative (Hankuk Daily Newspaper, July 28, 1987: 3).

Three months later, surprisingly, RC decided that the preliminary anti-dumping tariffs should be even higher than what the complainants originally wanted, more than 35% for all three imports (37.3% for the Pony, 36.5% for the Stellar, and 35.0% for the Excel). In its final determinations three months later, the proposed tariffs were lowered by a substantial margin of somewhere between 5.5% and 18.8%. The new anti-dumping tariffs were 26% on average: 31.8% for the Pony, 30.1% for the Stellar, and 16.2% for the Excel. The adjustments for the Excel were substantially lowered, although the tariff on the other two cars were still higher than those GM and Ford initially requested.

This was not the final step in approving Canada's anti-dumping measure, however. To be effective, RC's decision had to be confirmed by another independent agency, the Canadian Import Tribunal (CIT), an American ITC. (For more details on the anti-dumping case in Canada, see Appendix I.) This agency, to everyone's great surprise, reversed RC's earlier decision and finally judged that the Hyundai imports were not guilty of causing material injury to the Canadian economy (The Toronto Sun, March 24, 1988: 9). Because this agency's decision had binding force over the earlier decisions, the dumping charge against Hyundai was nullified. GM and Ford were the losers in the game and the much smaller player, Hyundai, was the winner.

This dramatic series of shifts in Canadian policy was very surprising and unusual. When RC set the anti-dumping tariffs, the decision reflected its confidence that Hyundai would cause material damage to its domestic industries; it would not have done so otherwise, because to lose the case would (and did) impair its credibility. Given this situation, the CIT's decision to overrule RC was a surprising one, ²⁾ although theoretically possible. Furthermore, its complete policy change, revers-

ing RC's anti-dumping decision which average as much as 26%, to a removal of all tariffs, made the decision even more dramatic.

What made Canada's foreign economic policy shift so radically? How could the smaller player possibly win over the much bigger ones in the game? This is the puzzle I address in this paper. In doing so, I will show how the pressures of foreign governmental and societal actors can affect coalitions within the home government, and eventually change its policy outcomes. Also, I will point out that the more decentralized decision-making locus in the liberal state could provide more leverage to its counterpart.

II. The Case

Throughout the case, Hyundai showed three distinct behaviors. These were: phase I (very passive); phase II (active, using an accounting document); and phase III (very active, gathering information and forming a political alliance with Canadian domestic actors). In each stage, the governmental sector also played a critical role in changing the corporation's behaviors.

1. From Phase I to II: Misperception and the Confidentiality

In the preliminary review, Hyundai took a totally passive approach: It did not present any significant documents that would contradict RC's decision. This uncooperative attitude angered the Canadian investigation team and led them to decide on the surprisingly high anti-dumping tariffs in Canada's preliminary determinations, as noted earlier.

Hyundai's CEO had the misperception that the Canadian government was already aligned with GM and Ford. The Canadian newspapers sensationally kept reporting that GM and Ford were very confident about Hyundai's dumping and had submitted a truck load of documents supporting the case (see, for example, *The Ottawa Citizen*, July 28, 1987: 8; and *Globe and Mail*, July 29, 1987: 11).

There was one very important issue at this stage: confidentiality. Hyundai's decision-makers were very worried about the confidentiality of their internal documents. They feared that if they submitted information to the Canadian government, the government might (wittingly or unwittingly) provide the documents to GM and Ford. Some of the documents would necessarily contain confidential information which would reveal Hyundai's corporate strategy in the North American market. And GM and Ford could then use this information in their plans for the American market, which is 10 times larger than the Canadian one. Thus, confidentiality was a very sensitive issue for Hyundai.

Based on this perception, Hyundai's top decision-makers also judged that it was

		Canadian Gov't	
		C	D
H Y U N D A I	C	C-C(1) "Confidentiality" Guaranteed Low Tariff	C-D(4) "DEATH PENALTY" "Confidentiality" Violated Low Tariff
	→ D*	D-C(2) "Confidentiality" Guaranteed	D-D(3) "Confidentiality" Guaranteed

- Note: 1) "C": cooperate
 2) "D": Defect
 3) *: Dominant Strategy

Diagram 1. Tit For Tat Game Between Hyundai And Canadian GOV'T

highly unlikely that the initial charge would be dismissed, so it seemed fruitless to oppose it. Thus, Hyundai made the internal decision to respond to the case very passively and pay the anti-dumping tariffs as charged. They gave up the case even before they started the game.

Hyundai's behavior is explained by the model of *the Prisoner's Dilemma under extreme uncertainty: TIT FOR TAT GAME* (see Diagram 1). The worst situation for Hyundai was to pay the initial anti-dumping tariffs and see the documents they submitted to the Canada government delivered to GM and Ford. If some of Hyundai's delicate information was leaked to their competitors, it would be a "death penalty" for Hyundai (C-D situation: section (4) in Diagram 1). The best situation for Hyundai, of course, would be to have lower tariffs and keep their documents confidential (C-C situation: section (1) in Diagram 1). However, given the chance that Hyundai's internal documents could be passed along to its enemies, which felt like a death penalty to the company, its dominant strategy was to respond passively to the case in order to avoid the extreme penalty (D strategy for Hyundai irrespective of the response of Canadian Government: the lower row path in Diagram 1). That is, the company refused to submit any sensitive documentation to the Canadian government, although that meant high anti-dumping tariffs. This shows how sensitive the confidentiality issue was to a private corporate, Hyundai for this case

2. Sectionalism and Different SOPs

Hyundai initially raised its concerns about the confidentiality issue to the domestic industrial bureau at the Korean Ministry of Trade and Industry, with which it usually had dealings but not to the international trade bureau, which was chiefly responsible for the anti-dumping case. Lacking information, the officials in the industrial bureau shared their concerns with their client, Hyundai. Since they had different standard operating procedures (SOPs), the officials at the domestic industrial bureau did not know how to solve the issue diplomatically. Usually people working in the international trade bureau would first raise the issue to the counterpart government using diplomatic channels. Supporting Hyundai's strategy, they did not even discuss the issue with the international trade bureau, the branch mainly responsible for international trade disputes at the same ministry. These behaviors revealed a sectionalism within the government—even within the same ministry. That is, different branches apparently perceived different interests. Otherwise, we would expect the industrial branch to readily discuss the problems with the international trade branch.³⁾

The Korean international trade bureau officials were very surprised when they heard that the Canadian investigation team preliminarily set the dumping tariffs at levels much higher than GM and Ford had originally requested; this was very unusual. They approached this issue diplomatically; they asked their Minister to immediately contact the Canadian ambassador in Seoul and find out the reasons why. The story they got back was that Hyundai's uncooperative response had irritated the Canadian investigation team. After finding out that confidentiality was the key concern for Hyundai, the Korean minister asked the Canadian ambassador whether confidentiality could be guaranteed on a governmental commitment. At the same time, the Korean Ministry of Foreign Affairs ordered the Korean ambassador in Ottawa to raise the issue to the Canadian Trade Minister. After all this, Korea finally got an agreement from the Canadian government that confidentiality would be "tightly guaranteed."

Only when it was sure of confidentiality did Hyundai's attitude become more cooperative. At this stage, however, Hyundai still did not conceive that it could achieve the best outcome: an end to the anti-dumping tariffs. Thus, its attitude at this point was that while it was submitting its accounting documents, it did not have any political strategy in mind. Indeed, its policy only became finalized in Phase III.

3. From Phase II to III: Forming Political Alliances

Two pieces of information contributed critically to Hyundai's political action. This information came from the Canadian consul in Seoul, who advised his usual contact in the Korean government that first, the CIT hearings would be the best place to argue the Korean position; and that second, the Department of Consumers (DOC) and the Department of Domestic Industry (DOI) were two potentially powerful allies to engage at this hearing.

While the steps taken so far in the RC process were technical accounting procedures, this last CIT step was a more political hearing process in which the lawyers from both parties would argue their different positions. This verdict would be the final decision, focusing on the issue of whether the imports had been, were, and would be material injuries to the Canadian economy. This meant that a "no charge" outcome was possible, even though Hyundai actually was selling cars in Canada below the price it was charging in South Korea.

After all, Canadian consumers would be the losers if they could not enjoy the cheaper sub-compact cars. Moreover, the DOC is a powerful agency in Canada. Hyundai could also appeal to DOI by emphasizing its economic contributions to Canada—the \$325 million Bromont plant scheduled to open two years later and another factory in Newmarket, Ontario, slated to begin producing aluminum wheels six months later (*Gazette*, March 24, 1988: 12).

The Canadian embassy in Seoul preferred not to disturb the diplomatic trade relationships between the two countries. Given the political significance of this case, they saw that it had ample possibilities for trouble; at worst, it could develop into a new source of trade conflicts between the two nations, which they did not want to see, either formally or personally.

In any event, this information provided the turning point for Hyundai to map out its political strategy. Hyundai now saw some chance that it could completely win the case, which was inconceivable before. Guaranteed confidentiality by the Canadian government and finding some leverage in the game, Hyundai completely changed its strategy, from totally passive to aggressive. The political coalition was an interweaving of Korean domestic actors (the Korean government and Hyundai) and Canadian-based actors (some parts of the Canadian government: DOC and DOI).

The Korean government and Hyundai formed a task force for the case; they fully mobilized all the relevant public and private channels in Canada to respond to the case. Once they were confident, Hyundai hired a large and very expensive team of Canadian and U.S. experts—including DesRosiers, a first-rate, high-priced Toronto law firm that specializes in anti-dumping cases.

At the CIT hearing, DesRosiers counsel Richard Gottlieb presented Hyundai's position so well that it turned CIT's opinion in Hyundai's favor. Gottlieb highlighted the monopolistic position of GM and Ford, stating that Hyundai was pretty small potatoes in the North American car industry, with only 4.8% of the Canadian and 2.6% of the U.S. market in the year 1987. Robert Flavell, the DOC lawyer, also supported Hyundai by arguing that Hyundai had caused hardly any material injury to Canadian domestic industry because GM of Canada Ltd. and Ford of Canada Ltd. mainly imported their subcompact cars from the United States. Rather, Hyundai's pricing practices had raised the welfare of Canadian consumers by assuring healthier competition in the Canadian car market and widening the range of consumer choices (*The Toronto Sun*, March 24, 1988: 9).

Finally, the CIT rejected the complainants of GM and Ford that Hyundai's pricing practices were unfairly cutting into their traditional market for small cars and hurting their profits. The three-man CIT handed down a unanimous decision that Hyundai's pricing policies were not causing injury to Canadian producers, nor could they in the future, as the Canadian subsidiaries of GM and Ford had argued. The decision saved Hyundai—and ultimately the Canadian consumers—millions of dollars in import taxes that would have been assessed against the company's cars if the tribunal had ruled the other way. This shows the power of information. When they planned their attack, I suspect that GM and Ford may have counted on the little automaker's inability to put together such a competent team and case.

III. Implications

What can we learn from this case? In this section I will interpret the case using the literature in international political economy. In doing so, I will clarify its theoretical/policy implications.

1. Multiple Interactions among State and Societal Actors

This case shows a multiple interplay between business and government, both domestic and foreign. Throughout the case, Hyundai showed some distinct behaviors from phase to phase, changing from very passive to totally aggressive; the public sector played a critical role in changing the corporation's strategies. This case also presented an example of how diplomacy and domestic politics can become entangled.

Putnam (1988: 427-29) accurately points out that "it is fruitless to debate whether domestic politics really determine international relations, or the reverse." This is because "Interpretations cast in terms either of domestic causes and international effects ('Second Image') or of international causes and domestic effects

(‘Second Image Reversed’) would represent merely ‘partial equilibrium’ analyses and would miss an important part of the story.” This analysis is very applicable to the complex interaction in the Hyundai case.

Based on the Liberalist theme, Moravcsik (1992: 9-10) also carefully bridges the gap between domestic politics and international relations which for him synthesize two paradigms, Realists and Liberalists. He outlines two mechanisms that show this connection between societal and international components: 1) “governments represent some segment of domestic society, whose interests are reflected in state policy” and 2) “the behavior of states—and hence the level of cooperation or conflict in international relations—reflect the nature of state preferences”; these preferences are decided (or constrained) by the nation’s domestic and international contexts.⁴⁾

Helen Milner (1987: 639-65) empirically shows how trade policy outcomes were dictated more by the preferences of the industries, rather than the states, in both the United States and France during the 1970s. However, in this study, I argue that the national interests were not dictated in a unilateral direction either from the states or the industries; rather, they were decided in a *joint and interactive* fashion that involved both the state and the industries. And I emphasize the importance of *information* in the process: joint and cooperative decision-making processes help to correct a potential market failure which may occur if private actors act solely based on their own, possibly myopic, perceptions and calculations.

2. The State and its Preferences

National interests are not formed in a vacuum. First, as Putnam (1988: 432-33) points out, the state is not a unified actor. The government consists of the various components within it, which have different preferences, cultures and SOPs, and which interactively play their roles in the decision-making processes (Allison, 1969). Second, these preferences are largely constrained by limited information which in turn is mainly framed by the institutional contexts in which they are situated. As Ikenberry and his colleagues (1988: 2) argue, foreign economic policy is “highly constrained by domestic institutional relationships that have persisted over time.” The Domestic Industry Bureau of the Korean Trade Ministry had different SOPs and cultures from the International Trade Bureau. Also, the CIT defined Canadian national interests differently from the RC.

3. The Liberal State and Bargaining Leverages

As Putnam (1988: 440) argues, a small domestic win-set can be a bargaining advantage. Our case suggests that a liberal state has a larger domestic win-set than

an authoritarian state because it has a more decentralized decision-making locus which could provide more leverage to its counterpart, everything else being equal. Without Canada's liberal hearing process, Hyundai could not have succeeded. This example also supports Putnam's claim (1988: 448) that institutional arrangements and their decision-making process are important in deciding the size of the win-set.

Our case also implies that a liberal state might have a weaker position in a bargaining process than an authoritarian state because the authoritarian counterpart is more likely to keep to a consistent and internally coherent policy, other things being equal. This is consistent with the thinking of Haggard (1992: 45):

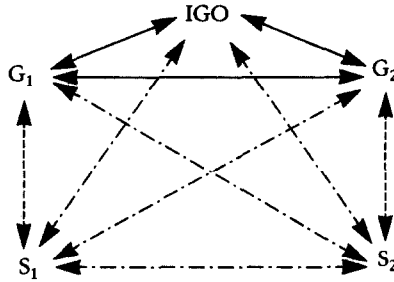
Democracies and polities organized on the basis of clientelistic networks are less insulated than corporatist regimes and those authoritarian regimes which limit autonomous political organization and public contestation. As a result, economic policy in liberal-democratic and clientelistic systems is more likely to be consistent and internally coherent.

4. Institutions and Collective Action

This case also suggests the importance of institutions, unlike Olson's collective action argument about the economic group vs. the latent group which underestimates the possibility that the latent group itself could form a strong institution. Olson (1965: 60-65 and 165-167) argues that a small economic group enjoying the concentrated benefits from a lobby tends to win over a large, social latent group because of the way it articulates its interest to the political system because the latter group "always contains more people than could possibly know each other," and "in this group, each member, by definition, is so small in relation to the total that his actions will not matter much one way or another." The Canadian DOC, an organization representing the consumer group, played a very influential role in the tribunal's decision. Thus, in this case the influence of the large latent group (e.g., the Canadian consumers), *when organized*, outweighed the interests of a powerful industry (e.g., GM and Ford).

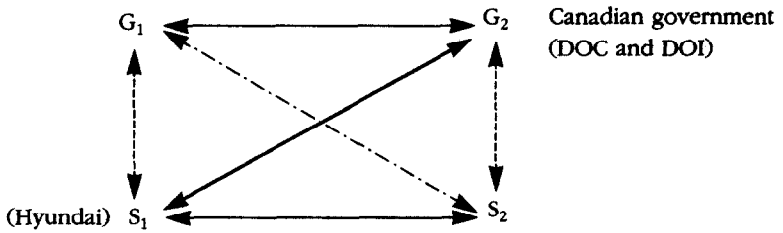
5. Transnational Coalitions and Bureaucratic Process Models

Our case lends some support to Keohane and Nye's (1971) transnational coalition model (see Figure 1). Governmental agents or governments may play direct roles vis-a-vis foreign governments or foreign societies and thus bypass the central foreign policy organs of their own governments. The Canadian DOC's alliance with Hyundai is one example of such a case (see Figure 2).



G=Government
 S=Society
 IGO=Intergovernmental organization
 ————— Classic interstate politics
 - - - - - Domestic politics
 ········· Transnational interactions
 Adapted from Keohane and Nye (1971: 334).

Figure 1. Transnational Interactions and Interstate Politics



G=Government
 S=Society
 IGO=Intergovernmental organization
 ————— Classic interstate politics
 - - - - - Domestic politics
 ········· Transnational interactions

Figure 2. Transnational Interactions between Korean Domestic Actor and Canadian Government: Hyundai and Canadian DOC and DOI

While Keohane and Nye's transnational coalition model provides a good first approximation to our case, some notions from Allison's (1969) bureaucratic process model, including the different interests, cultures and SOPs in different governmental branches, will add more explanatory power.

Because I perceive some weaknesses in several bodies of work in the field of

international relations, I propose another model to explain the process of foreign policy-making. I developed this model deductively before I wrote this paper. Still it fits the case in this paper better than any previous model in the literature on international political economy. However, because building and proposing this model was not the primary purpose of this paper, I have placed it in the Appendix. For the background of the model, see Appendix II.

IV. Conclusions

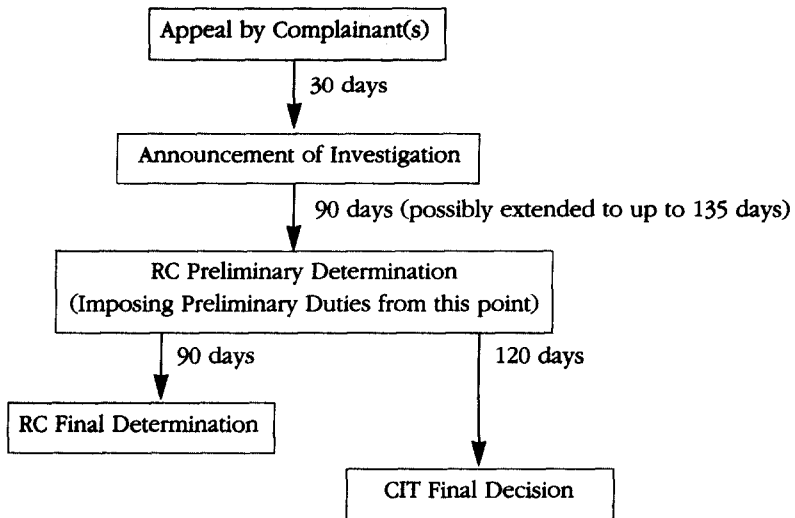
This case involves interesting conflicts between larger and smaller private actors in the North American auto market. It also involves the trade and diplomatic relationships between a small trading nation and a large industrialized one. Clearly, this case presents situations in which multiple governmental and societal actors interact.

This case enables us to show how the cleavages within a liberal government can be strategically exploited by a small corporation. I have argued that the policy outcome was possible primarily because of Hyundai's strategy of using the various cleavages within the Canadian government, aligning itself with the powerful Canadian actor, the Department of Consumers (DOC) in the CIT process. In doing so, I have emphasized the role of information in the joint and cooperative decision-making processes. Information helps to correct a potential market failure which may occur if private actors act solely based on their own perceptions.

APPENDIX I: Canadian Import Acts and the Procedures for Anti-Dumping Cases

The Canadian import acts outline the procedures for an anti-dumping case, which operate according to the schedules summarized in Figure A. After receiving the documents from the complainant(s), Revenue Canada (RC) decides whether or not to proceed with the case, based on the evidence the plaintiff party filed. Once the government decides to investigate the case, the defendant party must submit accounting documents to the government within 30 days. After reviewing these documents, RC determines the preliminary anti-dumping tariffs within 90 days.

From this point onwards, the defendant party must start to charge the extra tariffs which the government has declared on all its exports to Canada. If the final decision is "no injury," the tariffs that were levied will be returned.⁵⁾ Once the case is decided, RC must pass all the documents on to another agency, the Canadian Import Tribunal (CIT). The CIT, similar to the American ITC, independently reviews the case and makes the final decision on the case within 120 days. This final decision has binding force over the previous decision of the RC.



*Total Period: 240-285 days

Figure A. Canadian Import Acts: Procedure for Anti-Dumping Cases

APPENDIX II: A New Model of Foreign Policy-making

Over the past year, I have developed a model explaining foreign policy-making in response to my perceptions of weaknesses in several bodies of work in the field of international relations as well as the enlightening contributions of several other approaches. While I generated the model deductively and developed it before I wrote this paper, it fits this case more accurately than any previous model in the international political economy literature.

1. The Model

The core premise of my approach is that international outcomes in the international political economy occur because states act; thus the state is the actor in the international system. The state's behaviors reflect its foreign economic policies (or strategies) which it perceives as the best (or at least satisfying) to pursue its national preferences (Krasner, 1976; Lake, 1988).

States also initiate action in response to demands they perceive. In this sense, this model follows David Easton's scheme which includes an input or demand, a decision-making process, and an output or response. However, I do not see the state as a neutral and transformatory structure that merely processes inputs into

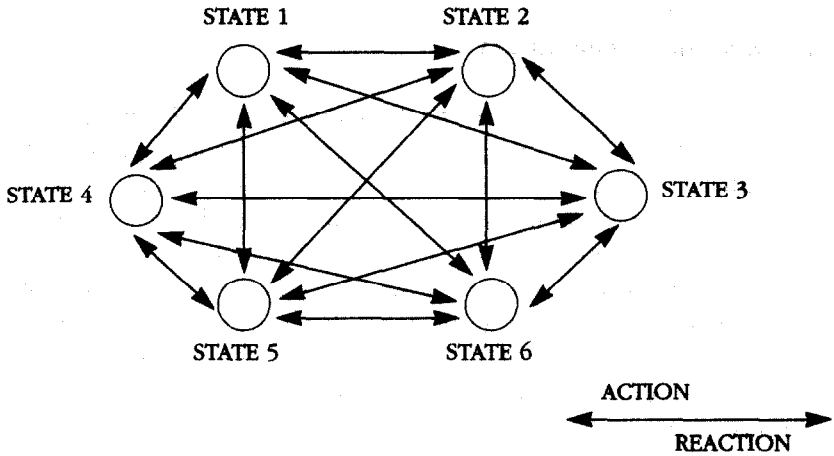


Figure B. International Relations

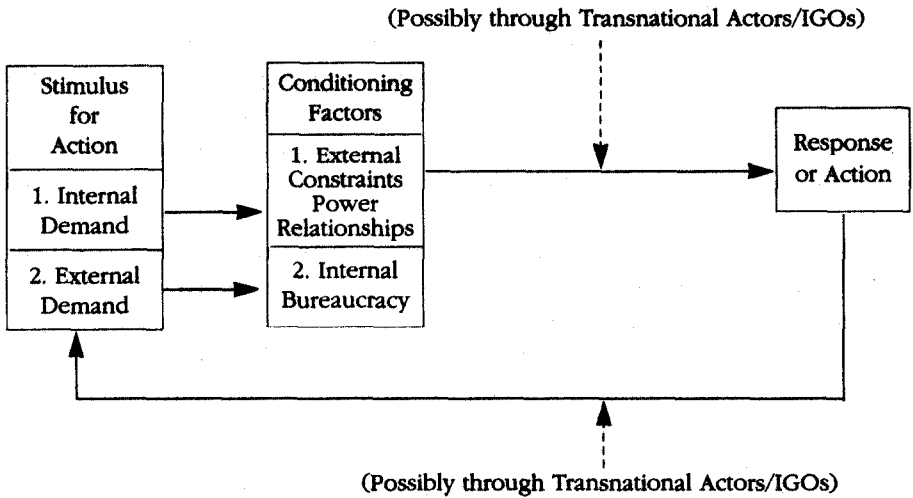


Figure C. The Process of Foreign Policy-making

outputs as in Easton's model. My model views the state as an actor having some autonomy, implying more than a simple aggregation of government officials. The state reveals its own version of national interests and acts to implement them; they do necessarily coincide with the parochial interests of a given societal group. These state actions are doubly constrained: internally by types of state structures and decision-making processes, and externally by power and diplomatic relationships. The entire process for a single state is represented in Figure C.

2. Background to This Model

Systems theory, as exemplified by Kenneth Waltz's *Theory of International Politics*, is not by itself a sufficient model for explaining specific international events. With its emphasis on the relative power of states and its discounting of processes that occur within the state as they affect international relations, it does a good job of explaining the overall nature of the world system and in explaining long-range trends. Systems theory, however, cannot provide sufficient explanations of individual events. The abstractness that Waltz favors focuses the analysis on power configurations, the likelihood of war, and the form it will take. I am seeking a more concrete framework in which to analyze a series of individual international events.

Systems theory is not to be tossed aside, however. I have incorporated some of the concepts of systems theory into my model. The relative power of states is an important factor in international relations. In my framework, the relative power of states affects international affairs in two ways. First, it is a factor in the nature of the demand placed on the state. An external demand originating from a relatively more powerful state will be a stronger demand, requiring a more expedient formation of a response. Second, it is a consideration in the development of a response to the demand. A response or foreign policy decision directed at a weaker state will differ in kind from one directed at or affecting a more powerful state.

Similarly, Immanuel Wallerstein's economic/systemic notions of the structural position of the state in the world economy show how economic/systemic power is a factor in response formulation.

I break with systems theory in two major areas. First, in characterizing international politics as willful actions of states, I de-emphasize the systemic forces Waltz cites. Second, based on the assumption of international relations as actions of states, I find it necessary to look within each state for the causes of international events. The different natures of the internal structures, and the character, history, and procedures of the bureaucracy, are major explanatory factors.

The insights into the role of the bureaucracy provided by Henry Kissinger in "Domestic Structures and Foreign Policy," and Graham Allison in "Conceptual Models and the Cuban Missile Crisis," are most fruitful to understanding the importance of the bureaucracy I envision in my model. For Kissinger (1966: 11), the bureaucracy or "administrative structure" becomes important in the process of "institutionalization of decision-making." As the decision-making process becomes increasingly complex, with more numerous demands and greater amounts of information to assimilate, it becomes institutionalized, formally structured. This

bureaucracy then develops standard operating procedures. Kissinger (1966: 12) notes a "rigidity in the policies of the technologically advanced societies" that he attributes to the institutionalization of the decision-making process resulting from the "complexity of decision-making."

Allison presents three models for understanding foreign policy. Of his three models, his Model II or Organizational Process model is the closest approximation to my conception of the process. According to his Model II, "Government behavior" (the key to understanding international relations), "can be understood ... as outputs of large organizations [bureaucracies] functioning according to standard patterns of behavior" (Allison, 1969: 341). These standard operating procedures (SOPs), described in Kissinger's work and reiterated by Allison, arise in response to the need to coordinate the behavior of large numbers of individuals to "perform complex behaviors" (Allison, 1969: 342).

SOPs can be considered to be the structure that conditions the output. If, as Allison contends, a bureaucracy has a certain number of SOPs to be applied in particular situations, its behavior will be particularly easy to explain in a vast number of circumstances. Many of the more unusual instances that interest analysts of international events may not be covered by existing SOPs. In this case, we will normally be use an approximation of an existing SOP, even if it is somewhat inappropriate.

Two main factors need to be considered when this model is applied to a series of international events: the nature of the demands placed on the state, as indicated by the review of other literature on the subject; and the standard operating procedures of the relevant government bureaucracies. These two lines of inquiry will provide the most extensive information as to why a state chooses one form of action over another, how that action impacts another state, and how and why the second state formulates a particular response.

Admittedly, this is just the first step in developing a new model. I have outlined the model and traced its background. The next step will be to apply it experimentally to a series of international events. This procedure will strengthen some of the suggestions in the model and perhaps lead me to modify other aspects.

Notes

- 1) The anti-dumping tariffs that the complainants suggested ranged from 18.9% to 25.1% depending on the cars' specifications: 18.9% for the Pony, 25.1% for the Stellar, and 21.4% for the Excel.
- 2) As of 1987, RC had ruled against the Koreans in 19 anti-dumping cases, and none of them had been reversed by the CIT.
- 3) Helen Milner describes the bureaucratic behavior of sectionalism in the French system, which is quite similar to those in the Korean Ministry of Trade and Industry. As Milner

(1987: 656-57) describes, "when bureaucracies have narrowly defined areas of jurisdiction and they compete with one another, keeping one's clients happy is the key to successfully retaining, and perhaps expanding, one's jurisdiction. Such conditions describe the Bureau of Korean Domestic Industry under the Korean Ministry of Trade and Industry. This bureau is organized into sections dealing with specific industries, and it competes with other ministries for jurisdictional control over these industries."

- 4) Ikenberry and his colleagues (1988 1-14) also demonstrate similar connections among domestic and state actors, and international constraints. However, they differ from the other approaches in emphasizing the state's autonomy in its policy making they highlight the institutional structures of the state and the capacities of the political and administrative officials who occupy positions within it.
- 5) It should be noted that from this stage the charged party is already suffering damages to its exports. The costs are still substantial even in "no injury" cases because in the meantime the tariffs have chilling effects and the company's sales and marketing will be impaired during the interim periods. This is the reason that many countries tend to use this notoriously effective non-tariff measure to protect their domestic industry. This is one of the hot issues in the GATT.

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