

Whither Free Trade in the Asia Pacific?

by Vinod K. Aggarwal
BASC Director

This past November in Hanoi at the APEC summit of world leaders, several members pressed for the creation of a free trade area of the Asia-Pacific. As the annual summit drew to a close, world leaders agreed to further examine the prospect of a Pacific-wide free trade zone in a number of study groups.

This article is excerpted from a longer paper by the same title that will appear in a book that will appear in 2007, published jointly by the Pacific Economic Cooperation Council (PECC) and the APEC Business Advisory Council (ABAC).

What are the prospects for a free trade area in the Asia-Pacific (FTAAP)? Although such an agreement may well be beneficial from a narrowly economic standpoint, the reality of U.S. trade politics and APEC's relative institutional weakness make a broad-based FTAAP agreement highly unlikely in the

short to medium term, regardless of whether the Doha Round of the World Trade Organization (WTO) is eventually successful or not. Even the tactical use of an FTAAP to advance the WTO agenda is likely to backfire and simply further undermine prospects for successful completion of the Doha Round. Instead, I suggest an alternative role for APEC. Its focus should be set on monitoring the current proliferation of bilateral agreements in the region and providing further support for the multilateral system.

With respect to the current U.S. political economy of trade, two developments are of particular significance. First, the U.S. strategy of "competitive liberalization" in which it

pursues bilateral and minilateral agreements, both sectorally and broadly, with the intent of stimulating the multilateral path of the WTO, has fractured the domestic coalition for free trade. Ironically, in their zeal to push forward the agenda of free trade—an agenda which I share—proponents of competitive liberalization have undermined the very movement to free trade that they so ardently advocate through a politically naïve understanding of trade politics. The creation of piecemeal liberalization through open sectoral agreements such as the Information Technology Agreement (ITA) and bilateral trade agreements has undercut the coalition for free trade. By giving specific industries what they wanted, this policy has left protectionists in agriculture, steel, textiles, and others in control of the trade agenda. Thus, those who bemoan the proliferation of bilateral and regional initiatives and the lack of progress in the WTO fail to recognize the obvious unfortunate causality connecting these two approaches to trade. Indeed, the result of this failed effort has been



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APEC UPDATE

by Nikhil Kumar
BASC Research Assistant

ECONOMIC LEADERS FROM AROUND the world gathered in Hanoi, Vietnam for the 14th Asia Pacific Economic Cooperation (APEC) meeting in November of 2006. With this year's theme of "Towards a Dynamic Community for Sustainable Development and Prosperity," the APEC community strived to make clear its support for the Doha Development Agenda. In addition, the forum emphasized the need to protect human security around the globe, a goal that became dominated by a push for a tough response to North Korea's nuclear program.

APEC leaders announced that the failure of the Doha Round would have grave consequences for their economies as well as the multilateral trading system as a whole. The importance of transparent, consistent, and comprehensive Free Trade Agreements and Regional Trade agreements was repeatedly stressed, as the participants acknowledged that the growth of the Asia-Pacific region is drawing the economies and business environments of the countries closer together. Although the difficulty in practical negotiations for free trade in the Asia-Pacific region at this time were recognized, the Bogor goals were still affirmed for the year 2020.

Separate from the pledge to renew global trade talks was a tough statement issued by APEC against North Korea's nuclear testing

programs. It supported resuming the six-party talks that have been deadlocked due to North Korea's boycott. Although North Korea signed an agreement in September of 2005 claiming it would no longer pursue nuclear technology in exchange for recognition of sovereignty and economic security, the regime has yet to follow through with its stated commitments.

The commitment to human security played a large role at the conference, as anti-terrorism remained a key issue. Each country was encouraged to protect their own economy and citizens in accordance with international law and regulations. Furthermore, the leaders addressed the influenza epidemic and the

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DIRECTOR'S NOTES

WELCOME TO BASC NEWS. In this issue we examine the feasibility of an Asia-Pacific wide free trade zone and its projected impact for revitalizing APEC's economic agenda. The range of analyses and viewpoints presented in this issue indicate that the achievement of a Free Trade Area of the Asia Pacific (FTAAP) is highly problematical and will only weaken the coalition for free trade in the U.S. and elsewhere.

In the cover feature of this issue, I point out that although such an agreement may well be beneficial from a narrowly economic standpoint, the reality of U.S. trade politics and APEC's relative institutional weakness make it strongly unlikely that an FTAAP will come to fruition in the short to medium term. Ironically, in their zeal to push forward the agenda of free trade—an agenda which I share—proponents of competitive liberalization have undermined the very movement to free trade that they so keenly advocate through a naïve understanding of trade politics. Moreover, I predict that even the tactical use of an FTAAP to advance the WTO agenda is likely to backfire and simply further undermine prospects for successful completion of the Doha Round. Building upon this observation, I believe that APEC should play an active role in monitoring the proliferation of bilateral trade agreements in the region and work to promote the multilateral trade agenda.

Our **BASC Spotlight** in this issue falls on the war on terrorism in Southeast Asia, which is widely considered to be the second front of global terror. Jessica Vu evaluates the current threats posed by international terror groups and domestic radicalization to at-risk nations such as Indonesia, Malaysia, the Philippines, Thailand and Singapore. Reflecting upon the security challenges faced in the aftermath of the 2002 and 2005 Bali attacks, she emphasizes that the current battle against religious fundamentalism is rooted within Islam itself, as a conflict between the voices of moderation and the voices of violent extremism. On a more positive note, Vu lends hope to the idea that addressing social grievances such as poverty and lack of education will tar-

get a major factor in Islamic radicalization while breathing new life into historically underdeveloped areas throughout the region.

In **APEC Update**, Nikhil Kumar reviews the latest APEC Summit Meetings held in November 2006. As he notes, APEC as an institution was created to liberalize trade on a transregional level, but in line with post-9/11 global concerns, the commitment to human security played a large role at the conference, with anti-terrorism and the North Korea missile crisis remaining key issues. On APEC's economic agenda, APEC leaders announced that the failure of the Doha Round would pose grave consequences for their economies as well as the multilateral trading system as a whole. Against this background, Kumar predicts that the substance of next year's conference will be shaped by the success or failure of the Doha round in the WTO and expected talks with North Korea on its nuclear program.

Next, in our **BASC Book Review**, David Guarino examines the recent volume *Bilateral Trade Agreements in the Asia-Pacific*, edited by BASC Director Vinod Aggarwal and Shujiro Urata (Waseda University). The book provides both an analytical overview of the political-economic forces driving the recent trend of bilateralism in trade policy and national case studies of this phenomenon so prevalent in the Asia-Pacific region. Guarino reviews its empirical content, policy prescriptions and predictions of future developments in the Asia-Pacific trade environment.

Finally, in our **BASC Projects Update**, Robert Chen touches on some exciting new developments in our office, one involving a study on "India's Global Orientation in a Globalizing World" and another examining the challenges of "China's Rise." Chen also explores the current focus of our two longstanding projects and conferences, Asia's New Institutional Architecture (ANIA) and its sister project, Northeast Asia's Institutional Architecture (NAIA).

Happy Reading!

– Vinod K. Aggarwal

Southeast Asia: Winning the War on Terror?

BASC SPOTLIGHT

by Jessica Vu
BASC Research Assistant

THE WAR ON TERROR hit Southeast Asia on October 12, 2002, shaking the idyllic Bali landscape with a series of bomb blasts that killed nearly 200. Only two years later, terror struck again, this time targeting the Australian embassy in Jakarta. And in 2005, the third and most recent wave of attacks exploded in the same shocking fashion in Bali, throwing Indonesia and President Megawati Sukarnoputri to the very forefront of battle against violent extremism.

But by no means was the threat limited to Indonesia. Neighboring states and worldwide leaders quickly recognized that once again, terrorism understood no boundaries and respected no sovereign government. For a region normally slow to action, the attacks symbolized a cold awakening for Southeast Asian governments to confront a problem that had been brewing for years.

In the Philippines, the government faced a longstanding rebellion involving the Moro Islamic Liberation Front (MILF) fighting a violent insurgency in the southern part of the country. Meanwhile, the deadly Abu-Sayyef, a shadowy criminal network with strong linkages to Al-Qaeda, continued to expand upon its terrorist training and recruitment operations throughout the southern Philippines.

As for Malaysia and Indonesia, a number of fundamentalist separatist movements such as the Free Aceh Movement (GAM) and the Kumpulan Mujahidin Malaysia (KMM) emerged as threats, but the most worrisome concern lay in Jemmah Islamiyah (JI), whose presence had been deeply felt across the region. Widely believed to be the brainchild behind the Bali attacks, JI commanded strong linkages to the Al-Qaeda network and continued to build upon its capabilities to inflict widespread damage on soft and hard targets. While seeking to expand its influence, JI had attempted to form ties with the Pattani United Liberation Organization (PULO), an ethnic minority Muslim separatist group engaged in

a militant struggle in Thailand. Even in Singapore, an expansive network of Al-Qaeda sleeper cells was discovered plotting multiple attacks on Western targets on its soil in early 2002.

The escalation of Islamic militancy and the spread of fundamentalist theology, fueled by the expanding influence of international terrorist groups upon indigenous separatist movements, symbolized a new kind of challenge to governments in Southeast Asia. The ability of terrorist groups to fearlessly strike into the heartland while causing damaging ripple effects for tourism and global investment sectors exposed further political and economic vulnerabilities. Together these new developments symbolize a worrisome threat to peace and prosperity to the region.

If discussion among academic circles proves correct, that the new Islamic Reformation is just awakening, then now is an excellent time for secular governments to join Muslim spiritual leaders in pushing for change in the right direction.

With the stability and vibrant economic activity of the Asia-Pacific now suddenly under attack, many leaders reacted firmly and swiftly. After his visit to Bali, Indonesian Vice President Hamzah Haz announced, "Whoever the terrorists are, Muslims or non-Muslims or even Muslim clerics, there will be no mercy for them." Philippine President Gloria Macapagal Arroyo likewise declared, "Let us not allow ourselves to be cowed into submission by those who seek to terrorize us."

Yet how can Southeast Asian governments combat terrorism effectively, without appearing to be a servant to Western interests? Throughout Malaysia and Indonesia, both majority Muslim states, and Thailand, Singapore, and the Phillipiness, which are home to sizeable minority Muslim communities, fighting the war on terror must not be equated with fighting Islam. Sympathy toward

Palestine in its perpetual conflict with Israel and opposition to the U.S. war in Iraq, widely perceived as anti-Islam, is strongly felt among many Muslims here.

Often political leaders themselves are forced to confront electoral opposition from radical Islamic political parties. Therefore a fundamental challenge lies in how to combat the rise of homegrown terrorism and ideological fanaticism without alienating the population's support.

It is not only domestic opinion that drives the spirit of counter-terrorist operations in the region. The role of moderate Muslims who despise terror and violence will be instrumental in fighting radical elements. In the past, the voices of moderation from former Malaysian Prime Minister Anwar Ibrahim and the current leader Abdullah Ahmad Badawi have proven that they are even more powerful than the fundamentalists in drowning out violence and extremism. In working within Islamic institutions to strengthen the influence of moderate religious clerics and leaders, governments can seize upon a valuable opportunity to support moderate forces in the battle to eliminate extremism.

Moreover, if discussion among academic circles proves correct, that the new Islamic Reformation is just awakening, then now is an excellent time for secular governments to join Muslim spiritual leaders in pushing for change in the right direction.

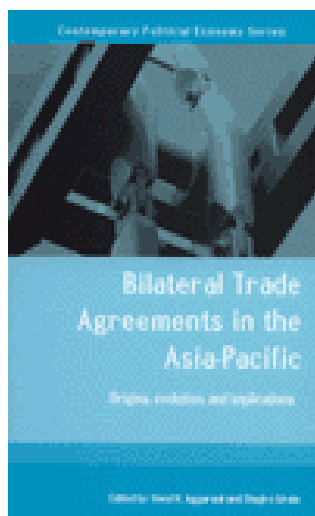
Meanwhile, a number of other factors have made Southeast Asia an environment easily exploited by terrorist groups. Loosely regulated financial sectors ease the transfer of funds between terror groups and front organizations and charities, whereas porous borders lacking adequate security checkpoints facilitate the movement of criminals and terrorists. In many areas, especially the Philippines where soldiers far outnumber the police, inadequate security resources prevent a full-on crackdown on the insurgency. Weak legal systems have also hindered efforts to prosecute arrested terrorists, evidenced in the failure of the Indonesian government to imprison the alleged leader of Jemmah Islamiyah

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BASC BOOK REVIEW

by David Guarino
BASC Research Assistant

Bilateral Trade Agreements in the Asia-Pacific: Origins, Evolution, and Implications, Edited by Vinod K. Aggarwal and Shujiro Urata, (New York, NY: Routledge).



THE PROLIFERATION OF PREFERENTIAL trade agreements (PTAs) outside the multilateral system of the GATT/WTO represents a significant challenge to the institutional status quo of international commercial relations. While a few large regional agreements (e.g. the EEC) have not been out of place in the postwar period of trade liberalization, a much more recent phenomenon has been the rapid development of a proverbial 'noodle bowl' of bilateral trade accords. In no region is this trend more pronounced than in the Asia-Pacific. Hailed by some as a natural second-best to a sluggish multilateral apparatus, yet decried by others as inimical to more meaningful liberalization efforts, bilateralism is a contested issue for trade experts.

Bilateral Trade Agreements in the Asia-Pacific is an attempt to understand this movement in trade policy by asking three broad questions. First, what factors influenced the origins of such two-country agreements? Second, what patterns and trends can be seen in the evolution of trade bilateralism in the region over time? And lastly, what implications does this phenomenon carry for other modes

of trade relations and political relations more generally? The volume begins by providing an analytical and historical framework, and then extends analysis to various case studies of countries constitutive of this policy shift.

Vinod K. Aggarwal's opening chapter provides an innovative theoretical treatment of bilateral trade policy from a larger political-economy perspective, while John Ravenhill and Fukunari Kimura complement with context in their respective regional and economic analyses. Kimura gives the standard economic rationale behind PTAs, examining how the dissemination of production networks throughout the global economy comes to bear on choice of trade strategy. Ravenhill provides historical background on the region's trade governance with a focus on how the domestic climate affects policy choice and the interaction of such choices with the international institutional environment, in particular entities like APEC and the WTO. The rest of the book is dedicated to assessing the varieties and trends in trade policy approaches in the Asia-Pacific within this analytical space, providing

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BASC PROJECTS

by Robert Chen
BASC Research Assistant

BASC IS CURRENTLY WORKING on four projects involving the global political economy of Asia. Two of our projects, one on India and the other on China, look at two fast growing countries poised to become among the largest economies in the world. Our other two projects study Asia's institutional framework as a whole.

Two longstanding projects, *Asia's New Institutional Architecture* (ANIA) and its sister project, *Northeast Asia's Institutional Architecture* (NAIA), study whether regional and interregional mechanisms better institutionalize the increasing complexity of economic and security ties among the Asian states. This question has been in the minds of academics and policymakers as they tackle a changing world in the wake of the end of the Cold War, the Asian financial crisis, and the events of 9/11. As there has been little

research done to integrate the analysis of security and economic changes in the region, ANIA and NAIA will provide a broader context that gives us theoretically informed policy insights. Both projects examine the evolution of new institutional architecture and community building in key functional areas, including trade, environment, energy, and security. However, NAIA focuses on the US, China, Japan, the Koreas, and Russia whereas ANIA looks at Asia as a whole.

In both projects, we will draw policy implications with attention to possible linkages among the key players across the functional issue areas. We believe that our scholarly efforts will give us a unique perspective on the types of institutional solutions that may be feasible in Asia. In doing so, our hope is to provide policymakers and analysts with an institutional road map for the future.

For *India's Global Orientation in a Globalizing World*, BASC seeks to answer central questions concerning India's current and future pace of globalization. In particular, we are asking: How globalized is the India of to-

day compared to other states? What are the political dynamics - domestic and foreign - that have pushed Indian policymakers to expose and integrate the domestic economy into the global division of labor? What is the current state of reform in terms of liberalization? What are the prospects for further reform and globalization based on current policy trends and the political climate of India?

Our final project is entitled *China's Rise*, which we are conducting in collaboration with David Kang at Dartmouth University. Observers have argued that the rise of China will upset the balance of power or increase chances for conflict. To the contrary, compared to 30 years ago, before China's rise, East Asia appears to be more stable than ever before. Through a set of papers, we explore the growing political and economic power of China. Specifically, *China's Rise* investigates the degree of China's economic sustainability, the evolution of institutions and governance in China, the impact China has had on regional institutions, and the effect that China has had on international relationships in the region.

APEC UPDATE

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spread of HIV/AIDS by pledging to increase awareness of the diseases and methods to control their proliferation.

One of the main advantages of this year's summit was the opportunity provided for word leaders to hold bilateral meetings on the sidelines. President George W. Bush privately met with Chinese President Hu Jintao about the North Korean issue and the future of six-party talks, and he also discussed Russia's bid to join the WTO with Russian leader Vladimir Putin. In addition, China and Australia announced that they would be creating a working group on clean coal technology.

John Howard, the Prime Minister of Australia, steered some of the conference's attention toward global warming, stating that it is intertwined with security but that carbon emissions trading can only succeed with the cooperation of all economies. The Prime Minister stressed the importance of technological advancement as the solution to global warming, urging countries to pursue alternatives to fossil fuels beyond turning to nuclear power.

As the leaders' summit in Hanoi drew to a close, much fanfare rested on Vietnam, the host country for this year's APEC summit and the newest rising star of the region. The Hanoi government garnered widespread praise from world leaders and international onlookers for the spectacular preparations made for the annual summit, which stood as Vietnam's largest international event to date.

The majority of next year's APEC conference will take place in Sydney, Australia, with a few meetings in the other Australian state capitals. Although the importance of security around the world has been stressed by APEC leaders, some officials expressed concern after seeing the Melbourne G20 protests over whether Sydney would be able to handle the expected demonstrations next September.

Undoubtedly, the substance of next year's conference will be shaped by the success or failure of the Doha round in the WTO and expected talks with North Korea on its nuclear program.

BASC SPOTLIGHT

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with a long-term jail sentence.

From a larger perspective, the region itself is characterized by a lack of institutionalization that in turn makes cooperation on security matters difficult, especially in intelligence sharing and coordination of enforcement efforts. Clearly the success of counterterrorism efforts will depend upon collaboration and participation from all of Southeast Asia's leaders.

This leads to one final root aspect of radicalism, witnessed in the challenge of poverty and the rise of resentment among the most impoverished inhabitants of the region. Among historically underdeveloped and economically neglected areas, widely-held discontent and resentment have added fuel to the fire of extremists. No doubt poverty is one of many factors in the rise of fundamentalism, but it is also among the most powerful, according to the Asia-Pacific Center for Security Studies. For many youths engaged in militant struggles, the only path to social advancement lies in a radical Islamic education, where their resentment is frequently exploited.

Alleviating such social ills lies in the expansion of avenues for educational opportunity and economic advancement. "The need for Muslim societies to address their internal social and political development has become more urgent than ever," Anwar Ibrahim has argued. In responding to this aspect of the war on terror, Southeast Asian leaders have welcomed U.S. support with open arms. In Indonesia alone, USAID developmental assistance has granted \$157 million directed toward a five-year plan of modernizing and reforming the country's education system.

Consequently there are many avenues for winning the war on terror in Southeast Asia, and some of them involve enhancing counterterrorist cooperation, improving police training, and targeting terrorist funding. But perhaps one of the simplest and most lasting solutions is to give the Muslim youth of the region a different kind of fuel for their spirit: a modern education and an opportunity for advancement and integration into society.

BASC BOOK REVIEW

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in-depth case studies of Japan, the US, China, South Korea, Malaysia, Thailand, Taiwan, Singapore, and Mexico – nine key actors in sum – with a concluding section on likely future scenarios.

The main strength of this volume lies in its careful integration of political and economic analysis, recognizing the particular negotiating environment that the Asia-Pacific region represents. The book is a far cry from orthodox economic analysis, rarely resorting to the sort of liberalization-cheerleading that is so common. Indeed, the only pure economic analysis of the book delivers a sustained attack to computable general equilibrium (CGE) modeling, the basic empirical tool for most economic arguments favoring PTAs. Rather, this volume correctly assesses the formation of trade relationships as equally political and economic in nature.

A particular strength is the primacy the authors give to the role of institutional factors in determining observed strategies. First and foremost, the rise of trade bilateralism is an institutional shift, away from the rules-based multilateralism of the WTO and toward a more anarchic and spontaneous game of alliances geared toward building and sustaining global comparative advantage. The Asia-Pacific region is a particularly interesting arena for this to this due to the diversity of its actors: big and small, industrialized and developing.

In the end, focus is given to the potential for a Northeast Asian FTA (NEAFTA) among Japan, China, and Korea as the most likely outcome from the current torrent of bilateralism. The authors argue, however, that this outcome depends first and foremost upon the relative strengths of two other key institutions – the WTO and APEC.

All in all, this volume successfully illuminates the key factors driving the peculiar style of economic integration in the Asia-Pacific region, and in doing so contributes significantly to both the theoretical literature on the political economy of trade relations and the considerations for optimal trade policies.

FTAAP PROSPECTS

(Continued from page 1)

to encourage a competitive international dynamic that has delivered an increasing number of pernicious bilateral trade agreements—without any of the claimed beneficial effects on the negotiation of a broad-scale trade agreement that was the original *raison d'être* of this misguided policy. Ironically, some of the same analysts who promoted the many advantages of the competitive liberal approach now wish to address this dismal trend by calling for an FTAAP as yet another halfway house to freer trade.

Second, the continuing and increasing U.S. trade deficit with China has dramatically increased domestic protectionist pressure in the United States. Many industry groups and their political advocates have seized upon the gargantuan trade deficit—has been blamed by many on the rigidity of the yuan's exchange rate—to increasingly question the benefits of free trade for the U.S., particularly with countries specializing in low-cost exports. The explicit legislative threat of across-the-board tariffs of 27.5% on all Chinese imports highlights the seriousness of this issue. Although such a tariff is unlikely to pass, it has served as a rallying cry for an assortment of protectionist groups in the U.S. and allied groups who have linked security concerns, labor rights, human rights, religious freedom, and numerous other issues to trade. Indeed, the current success of Democrats in capturing both the House and the Senate is in part due to their growing criticism of “unfair trade.” Indeed, if anything, the Congress is increasingly moving to a bipartisan consensus *against* freer trade, particularly with respect to China. Together with the fractured domestic coalition for free trade that has been created by competitive liberalization, any free trade area (FTA) that involves China will effectively be dead on arrival in Congress for the foreseeable future.

For its part, APEC has failed to significantly move forward the trade liberalization agenda in the Asia-Pacific and is unlikely to do so with its current weak institutional structure. It has, however, continued to play

an important role in trade facilitation activities and with respect to other issues such as security and the environment, to name just a few. Using APEC as the key instrument to promote an FTAAP in the current context will lack credibility and will instead further fracture APEC's membership and undermine the useful roles it has been playing.

How might the logic of this pessimistic view on the prospects for an FTAAP be affected by possible success or failure of the Doha Round? If the Doha Round is successful, states will be busy implementing a complex agreement and the FTAAP would be low on everyone's agenda. If the Doha Round fails, current dynamics suggest that U.S. industries are much more likely to push for bilateral trade agreements rather than an FTAAP. Asia and the EU are likely to reciprocate the United States' response, further fostering the proliferation of bilateral accords. It is important to keep in mind that what the U.S. is seeking in the Doha negotiations—significant agricultural market access in the EU and industrial market access in large emerging markets such as Brazil and India—are goals that cannot be achieved to any significant extent at an Asia-Pacific bargaining table.

With respect to negotiation prospects, some might argue that an FTAAP might have better prospects than the currently moribund Doha Round as the number of states involved would be smaller. Yet this view reflects a misunderstanding of the political economy of trade negotiations. In fact, with a larger number of states as in the Doha Round, the horse trading necessary to achieve a successful outcome would yield an agreement that stands a significantly *better* chance of being approved in the U.S. than a minilateral agreement that narrowly focuses on states with whom the U.S. runs massive trade deficits. Having set in motion a pernicious course of competitive liberalization, putting the genie back into the multilateral bottle will be a Herculean task. In short, regardless of the Doha Round's success or failure, I believe that an FTAAP is not politically viable at the moment from a U.S. perspective.

So what might APEC do to promote a

successful Doha Round and the cause of trade liberalization? Rather than the usual exhortation and lip service that is paid to the WTO, it is time for APEC members to take bolder action. First, APEC should announce a moratorium for one year on all bilateral agreements and challenge other members of the WTO to do likewise. Second, APEC should attempt to institutionalize the administration and negotiation of minilateral and bilateral agreements, so that the “noodle bowl” of liberalizing efforts can be brought into some kind of logical order and into conformity with the WTO. Third, APEC should concentrate on harmonization of standards, better rules of origin, capacity building, peer assessment of compliance with APEC targets, and in general serving as a complementary institution to the WTO.

Although one might think that promoting schemes such as the FTAAP do no harm, as we have seen, the advocacy of competitive liberalization as a means of securing trade liberalization has been a recipe for disaster. Ideas, both good and bad, do have consequences.

BUSINESS AND POLITICS

THIS LEADING INTERNATIONAL JOURNAL explores the strategic space in which governments and firms interact. It focuses on two areas: the integration of market with nonmarket corporate strategy, including organizational design, legal tactics, and lobbying; and government efforts to influence firm behavior through regulatory, legal, and financial instruments. *Business and Politics* solicits interdisciplinary theoretical and policy-oriented articles, case studies, and commentaries on the interaction between firms and political actors.

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