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ABSTRACTS

PRESIDENTS VERSUS PRIME MINISTERS

SHAPING EXECUTIVE AUTHORITY IN EASTERN EUROPE

By THOMAS A. BAYLIS

Open conflict between presidents and prime ministers has become a familiar phenomenon throughout East Central Europe since the fall of communism. While individual personalities and the particular constellations of issues in each country have helped shape individual conflicts, this article seeks to account for them in more fundamental structural terms and to place them in the context of current debates over the relative virtues of presidentialism and parliamentarism. There is a discrepancy between the prestige and popularity of presidents and their modest formal powers; prime ministers, by contrast, enjoy considerable formal power but only limited legitimacy. Since the distribution of authority in newly constituted democracies is ambiguous and fluid, with no established conventions and understandings defining precisely the boundaries among key institutions, presidents seek to utilize the ambiguity to convert their assets of prestige into "real" power over policy, while prime ministers resist what they see as incursions into their areas of responsibility. The article explores the strengths and weaknesses of each side, the terrain of struggle, the tactics employed, the political outcomes to date, and the implications for political consolidation and the future distribution of executive authority in the region's states.

TAX COMPETITION IN WILHELMINE GERMANY AND ITS IMPLICATIONS FOR THE EUROPEAN UNION

By MARK HALLERBERG

The twenty-five German states from 1871 to 1914 present a useful data set for examining how increasing economic integration affects tax policy. After German unification the national government collapsed six currencies into one and liberalized preexisting restrictions on capital and labor mobility. In contrast, the empire did not directly interfere in the making of state tax policy; while states transferred certain indirect taxes to the central government, they maintained their own autonomous tax and political systems through World War I. This paper examines the extent to which tax competition forced the individual state tax systems to converge from 1871 to 1914. In spite of a diversity of political systems, tax competition did require states to harmonize their rates on mobile factors like capital and high income labor, but it did not affect tax rates on immobile factors. In states where the political system guaranteed agricultural dominance, taxes on land were reduced, while in states with more open systems, tax rates remained higher. One unexpected result is that tax rates on capital and income converged upward instead of downward. The most dominant state, Prussia, served as the lowest-common-denominator state, but pressure from the national government, especially to increase expenditures, forced all states to raise their tax rates. These results suggest possible ways for the European Union to avoid a forced downward convergence of member state tax rates on capital and mobile labor.

RATIONALITY IN INTERNATIONAL RELATIONS

A GAME-THEORETIC AND EMPIRICAL STUDY OF THE U.S.-CHINA CASE

By CATHERINE C. LANGLOIS and JEAN-PIERRE P. LANGLOIS

This paper develops a model of rational behavior that is found to be compatible with the evolution of China-U.S. relations from the early 1970s to the late 1980s. The authors introduce countervailing strategies that broaden our understanding of what is rational in a game-theoretic context. Countervailing behavior accommodates inertia and delay, as well as reactivity, and is shown to be involved in every equilibrium strategy. The terms of the interaction between the United States and China are identified in light of a countervailing model, and the payoff structure that supports the observed dynamic interaction is inferred. Prior to 1979, which marks the inception of China's open-door policy, the payoff structure found conforms to a little-known mixed-motive game, whereas the 1980s are characterized by a Prisoner's Dilemma. In the 1980s rational play involves positive reactivity on the part of each country, while prior to 1979 rational

behavior on the part of the U.S. takes the form of an inverse response to Chinese initiatives, a behavior that draws its rationality from its ability to move China to a more cooperative stance despite a Deadlock-type payoff structure.

CHIPPING AWAY AT THE STATE

WORKERS' RESISTANCE AND THE DEMISE OF EAST GERMANY

By JEFFREY KOPSTEIN

This article is a study of everyday resistance and political protest among East German workers under communism. It develops and adduces evidence for two hypotheses based on evidence from Communist Party and state archives. First, in contrast to the standard explanation for the revolution of 1989, which emphasizes intellectual and popular mobilization against the regime, this essay emphasizes the long-term capacity of otherwise powerless workers to immobilize the regime through nonpolitical acts of everyday resistance. This resistance, coupled with the rare act of political protest, rendered ineffective the conventional methods of labor discipline and undermined any hope of meaningful economic reform. The second hypothesis concerns the motivation for working-class behavior. Two models of social action have dominated studies of subalterns: rational choice and moral economy. The models are evaluated against the archival record. While the evidence is not overwhelmingly in favor of either model, the moral economy approach provides a better account of the sporadic acts of rebellion and the myriad acts of everyday resistance.

GOVERNING CHINA'S TRANSITION TO THE MARKET

INSTITUTIONAL INCENTIVES, POLITICIANS' CHOICES, AND UNINTENDED OUTCOMES

By DALI L. YANG

This essay reviews two books that seek to account for China's success in making economic reforms and sustaining rapid growth. One perspective explains China's reformist approach in terms of politicians making choices under certain institutional rules. The other sees an economic logic of market transition and emphasizes policymakers' limited abilities in governing the economy. The essay assesses the merits of these competing claims. It calls for better specification of the causal linkages between institutional rules and politicians' choices and concludes that both the dynamics and dilemmas of China's political economy are explained in terms of increasing market competition. Finally the essay evaluates the argument that decentralization leads to market segmentation and points to the Chinese government's evolving role in dealing with the economy.