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Reasons of State

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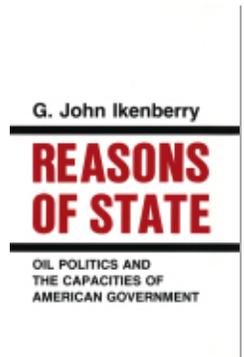
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Preface

What capacities does the modern American state possess to cope with rapid international political and economic change? This is the core question informing this book, and it emerges from recent historical events and theoretical debates. Events of the last fifteen years underscore the importance of national adaptation. International economic and political hierarchies are again changing as profoundly as they did in the 1870s and 1940s. Amid these shifting historical sands, the international power of the United States is eroding. In the decades before World War I, the United States could isolate itself from international political and economic change. After World War II the unprecedented power of the United States allowed it to set the terms of adjustment and change. But the last quarter of the twentieth century presents new realities; the United States is both more involved in the global political economy and less able to shape its course.

Theorists of international relations and political economy have taken note of these historical developments, of course, and a variety of theoretical debates have raged over the relationships among the power of the state, political sovereignty, and economic interdependence. Since the early 1970s, old questions of order and change in international relations have been examined anew. Traditional conceptions of the state and the state system have been challenged by scholars embracing a new interest in the multinational corporation, transnational organizations, bureaucratic politics, and transgovernmental relations. To some the changes were ephemeral; to others, profound.

To address these large-scale theoretical problems, I focus on the issue of "state capacity," and do so by investigating a key set of histor-

ical events that propelled these controversies—the oil shocks of the 1970s. In examining the capacity or “weightiness” of the state, particularly the American state, I look to understand the constraints on and opportunities for states—as organizational entities—to realize the goals they embrace. At moments of crisis, what can states accomplish? What international and national resources and instruments of power can state officials marshal in the face of international change? How do domestic structures provide opportunities or set limits on the ability of states to achieve official objectives?

In the United States, I argue in this book, policy responses to the oil shocks were shaped and channeled by the institutional structures of the state. Various policy responses were attempted, but those which succeeded were the responses that built upon existing channels of state action. The circuitous path of American energy adjustment since 1973 is explicable in terms of institutional configurations of the state which predated the first oil shock. The historical legacy of earlier policy struggles and the broad sweep of state building are essential guides if we are to understand the capacity of the American state in the 1970s and beyond. As a consequence, it is important to probe the historically unique and institutionally circumscribed character of state intervention in the economy and the society.

The deep significance of these institutional forces is underlined by two additional themes that emerge in this book. First, the opportunities and constraints that institutional structures mold for state action influence the venues in which state officials seek to solve adjustment problems. In particular, domestic institutional constraints on American energy policy initially encouraged policy makers to resort to international strategies of adjustment. At the same time, however, the absence of similar constraints in other industrial oil-consuming nations, together with the inability of American officials to live up to their foreign commitments, thwarted international agreements to contain the effects of rising oil prices. The interlocking nature of domestic and international energy politics is thus revealed.

Second, the eventual American resort to market pricing in order to achieve energy adjustment reflects the importance of the market as an instrument of state capacity. The extension or maintenance of markets can be a powerful tool of the state, a tool used in the service of national and geopolitical objectives. In a nation such as the United States, where it is difficult to build visible new institutional capacities for the state, manipulation of the market has great importance as an instrument of national policy.

The theoretical task at hand is to understand the role and dynamics

of institutional change and the manner in which institutional structures shape, bend, alter, and blunt ongoing policy struggles. The theoretical enterprise does not end with this book. The goal, an adequate theory of institutions, remains as important as it is elusive. At this stage we need malleable theoretical templates that are, as Susanne Hoeber Rudolph suggests in an evocative metaphor, "made of soft clay rather than hard steel, that adapt to the variety of evidence and break when they do not fit." We have learned a lot, but there is still a lot to know.

The overall argument of this book has not been published elsewhere, although parts of it have been presented in various articles. The typologies of adjustment strategies presented in Chapter 1 contain materials previously published in "The State and International Strategies of Adjustment," *World Politics*, October 1986. This material is adapted by permission of Princeton University Press. "The Irony of State Strength: Comparative Responses to the Oil Shocks," published in *International Organization*, Winter 1986, contains some of the core ideas on state capacity which appear in Chapter 8. Sections of this article are used, in modified form, by permission of the MIT Press. Chapter 7 contains materials that also appear in "Market Solutions for State Problems: The International and Domestic Politics of American Oil Decontrol," *International Organization*, Winter 1988. Chapters 2 and 3 contain materials that also appear in "Conclusion: An Institutional Approach to American Foreign Economic Policy," *International Organization*, Winter 1988.

This book has benefited from the generous assistance of teachers, friends, and colleagues. I owe special thanks to Charles Lipson and Theda Skocpol, my teachers at the University of Chicago. Each provided intellectual guidance and encouragement over many years and in ways that will be difficult to repay. Theda Skocpol was particularly helpful as I wrote this book. As teachers, both have given me standards of scholarly excellence that will continue to inspire me throughout my professional career. Lloyd Rudolph was also an important adviser in the early stages of this project. I also owe a special debt of gratitude to David A. Lake and Michael Mastanduno, who have touched this book in what to them may have seemed endless sessions of discussion and criticism. Equally important was their camaraderie, which began five years ago when we were Research Fellows at the Brookings Institution. These personal and professional relationships have enriched this project in untold ways.

PREFACE

A score of other friends and colleagues have improved this book with their advice and criticism. Beverly Crawford, I. M. Destler, Jeff Frieden, Barbara Geddes, Judith Goldstein, Peter Gourevitch, Joanne Gowa, Stephan Haggard, Peter Hall, Jeffrey Hart, Miles Kahler, Robert Keohane, Stephen Krasner, John Odell, Ken Oye, Robert Putnam, Richard Samuels, Duncan Snidal, and Peter VanDoren provided criticisms and suggestions on chapters of the book or on articles that preceded it. Peter Cowhey, Harvey Feigenbaum, Peter Katzenstein, and Edward Morse read an earlier draft of the entire manuscript and provided detailed suggestions. Tom Ryan and David Pavelchek provided valuable research assistance. Valerie Kanka provided careful secretarial and research assistance. The editorial efforts of Roger Haydon at Cornell University Press measurably improved the manuscript.

As is appropriate for a book that stresses the importance of institutions, I have received considerable support from several organizations. Early support for the project was provided by the Brookings Institution, where I was a Research Fellow in the Foreign Policy Studies Program during 1982–83. Writing was also carried on at the University of Chicago with financial assistance from the Institute for the Study of World Politics and the Program on Interdependent Political Economy. At Princeton University, the Woodrow Wilson School for Public and International Affairs generously provided summer funding and other forms of support. Travel and research assistance was also funded by the university's Committee on Research in the Humanities and Social Sciences. The final preparation of the manuscript was made possible by financial assistance from the Center for International Studies and its director, Henry Bienen. The Institute for Advanced Study provided a refuge for the final preparation of the book.

This book is dedicated to my parents, Nelda B. Ikenberry and Gilford J. Ikenberry, Jr., who across the years have provided love and moral support without fail—the rarest and most important ingredient of all.

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