

## Chapter I Introduction

### 1. The Major Objectives, Theme, Theses, and Organization of This Study

This study is about the state's involvement in the oil industry and market. Based on the case study of government regulation of the oil industry and market intervention in the oil sector in Canada and Japan, it attempts to achieve the following three objectives. The first is to investigate the causes of the dispute concerning the level of state influence and autonomy in the economy which affect the relationships between the government and business sector. The second aim is to develop a new analytical framework which will enable us to systematically examine the intricate business-government relations from a perspective different from the conventional focus on the influence of pressure groups, power elite or ruling class on government policy and actions. The third objective is to characterize the nature of government intervention in the oil market, applying the analytical framework to Canadian and Japanese cases and search for general conditions under which market intervention by the state is likely to increase in an economy. As a result, the relevance of this framework in an analysis of transnational and government-business relations, comparative political economy and public policy will also be elucidated.

The state is a central actor in our society.<sup>1</sup> Despite the strong drive towards privatization and deregulation among industrialized economies under conservative leadership,<sup>2</sup> the state's activities are omnipresent in the economic, social and cultural systems of the contemporary world. In fact, privatization and deregulation can be viewed as a consequence of the "overload" of the state<sup>3</sup> as much as a product of the prevailing belief of conservative political leaders in the efficiency and superiority of

the “free market economy.” It can also be regarded as an effort on the part of the state to finance its expanded programs and the resulting deficit without increasing tax. Analysts of economics, society, or even culture can no longer ignore the impact of the state in any comprehensive study of the subject. For example, the behavior of the stock market, the nation’s educational level and medical care system, scientific research, academic publishing and the making of films and television programs are all affected by taxation levels or the allocation of government budget in one way or another. The observation which Martin Carnoy makes is highly illustrative of this point:

The State appears to hold the key to economic development, to social security, to individual liberty, and, through increasing weapons “sophistication,” to life and death. .... In the nineteenth century, ... the state’s role in capitalist societies, while significant, was usually relatively limited. .... The private production sector, not the State, was the source of ... energy, and the private sector economy was the center of social change. Thus, Ricardo, Marx, Weber, Durkheim, and Marshall could all discuss the State as an important but certainly not central element in their social analyses. This can no longer be the case.<sup>4</sup>

The study of some aspects of the state has for centuries been a central concern of students of politics. Yet, there is no agreement on the relative power and autonomy of the state in industrialized capitalist economies.<sup>5</sup> Furthermore, only a few studies have empirically examined those crucial aspects of the state in these societies.<sup>6</sup> This study is an attempt to help fill this gap in our knowledge about the state.

This study focuses on the state’s relations with multinational corporations (MNCs). Until the early 1970s, the state was regarded as the central actor in international relations, and then, transnational actors, as exemplified by MNCs were viewed as the emerging actors in the international system. Their relative power and

inter-relationships have also been a major source of contention among analysts of transnational relations.<sup>7</sup>

On the domestic scene, MNCs are examples of non-state actors and the relative power and autonomy of the state vis-à-vis non-state actors have attracted considerable attention from scholars of domestic politics as well, particularly those working from Marxist approaches.<sup>8</sup> Yet, most discussion occurs only at the theoretical level or in the form of isolated case studies. As a result, it is difficult to substantiate or invalidate the many contending views.

Although many studies have not been carried out relating to the question of state power and autonomy in industrialized capitalist economies, analysts of state power often come to different conclusions regarding the power of even one single state. There are several possible reasons. First, they do not explicitly differentiate the strength of the state between the policymaking level and the policy impact level. Second, they do not differentiate between policy issues, nor do take into account differences over time.

In an analysis of the power of the Japanese state in the energy sector, for example, Richard Samuels has come to the conclusion that business interests have been more powerful than the state in determining government policy and that these have most successfully prevented the state from establishing a substantial presence in the coal, electricity, oil and alternative energy sectors.<sup>9</sup> In contrast, Chalmers Johnson's study of the role of Japan's Ministry of International Trade and Industry (MITI) or T.J. Pempel's work on the role of the Japanese state in economic development concludes that the Japanese government has been much stronger than the private sector and brought about high economic and industrial growth by setting

developmental goals or by leading the economy.<sup>10</sup> The contradictory findings of these leading analysts might confuse the student of political economy. Their difference can, however, be reconciled if one realizes the fact that Samuels deals with the failure of the government in setting up presence in the energy market while the other two are concerned with explaining the role of the state in Japan's remarkable success in rapid industrial and economic growth especially in the 1950s and 1960s. Yet, is a successful and achieving government a sign that the state is strong and the society weak, and by extrapolation, an unsuccessful and non-achieving government an implication that the state is weak and the society strong?<sup>11</sup>

The theses of this study are that the strength of the state vis-à-vis non-state actors varies over time, over issues and also that its strength at the policymaking level does not always correspond to its strength in terms of policy impact. More specifically, the following study will attempt to demonstrate that both the Canadian and Japanese states, the cases which we are to examine, are neither strong nor weak in any absolute, fixed sense. At the same time, it will examine the hypothesis that state influence and autonomy at the policymaking level are profoundly affected by the prevailing ideologies and belief systems of the state leaders, their perception of policy issues and the political dynamics within the state.

The Canadian state is often viewed as an example of a weak state owing to, among other things, the fragmented federal system of its government, and the lack of a strong centralized bureaucracy.<sup>12</sup> The Japanese state, on the other hand, is often regarded as an example of a strong state as the terms "state monopoly capitalism," "state-led capitalism," or "the developmental state" suggest.<sup>13</sup> This study, however, challenges such monolithic notions by differentiating the policymaking level from the

policy implementation level, between different policy issues and also by taking into account time differences in the oil policy area.

In his study of the Japanese state's involvement in the domestic energy market mentioned above, Richard Samuels has concluded that because the state failed to establish major state-owned companies in the coal, electricity, oil and alternative energy markets, and because there was strong opposition to such government moves in the business community, the Japanese state has never been particularly strong. Nor, he advocates, has the Japanese political economy ever been particularly harmonious. Instead, he suggests that the Japanese energy policy process has been extremely pluralistic, and further, that it has been the private sector which has prevented the state from establishing its substantial presence in their spheres of business.

Samuel's study is very useful in illuminating pluralistic political processes in Japan and also in pointing out that the Japanese state has never been omnipotent - something which many other studies have not emphasized. Yet, his work is misleading in three important ways. Firstly, even if state action coincided with the wishes of the business sector when there happens to be resistance to government involvement in the economy, one cannot automatically conclude that this is a manifestation of a weak state vis-à-vis the private sector. The state might be a strong one but it has decided not to translate its wishes into actions, because, for example, from the viewpoint of state leaders the establishment of state corporations in the energy sector was not considered to be particularly important.

Secondly, simply because the state has not established government companies in the energy market or in certain economic sectors, one cannot say that such a state is weak vis-à-vis society and, particularly, vis-à-vis the energy industry. The state in

question might have been interested in establishing its presence in the market but was not actually very keen on realizing this interest perhaps because it already has many other policy instruments through which it could effectively control societal actors or the market.<sup>14</sup> For example, it is quite possible that even without national companies in the energy sector, the state could exert enormous power in such crucial energy policy areas as determining production and trade volumes, pricing and taxation levels through regulatory power. If this is the case, one may say that this state is overall a strong state in the energy sector.

Thirdly, even if the state has failed to establish its presence in the energy market because of strong opposition from the business sector, this does not automatically mean that this state is weak in the energy sector in general. The evaluation of the strength of the state should be based on the state's overall involvement in other crucial energy policy areas. To use the above example again, if the state profoundly determines the production volumes or pricing levels, then one must say that it is a strong state in the energy sector since these are crucial areas of business activity in the energy market. In other words, the absence of powerful state corporations in the energy or any other market does not necessarily mean that such a state is weak. It could be argued, in some cases, that the establishment of a state corporation in the market may be evidence of the weakness of the state rather than its strength. That is to say, its presence can be seen as nothing but the state's effort to overcome its weaknesses. On the other hand, the absence of state corporations in the market may be regarded as evidence of the strength of the state: because it is such a strong state, there is little need to establish a national company as a policy tool.<sup>15</sup>

Hence, it is important to examine the thesis that the strength of the state can change over time, in issues, and between levels of policymaking and implementation.

In addition to these analytical concerns in state-society / business-government relations, this study addresses the question of how international oil majors, one of the most powerful MNCs, many of which are based in the world hegemon, the United States, interact with the host governments in industrialized non-hegemonic societies. How do the hosts regulate their activities in order to maximize benefits from their presence? And, from the viewpoint of MNCs, under what conditions, do host governments increase the level of intervention and the extent of regulation or attempt to reduce their influence and presence by setting up national corporations?

To summarize, this study has three major objectives. The first is to examine the causes of the dispute over the relative influence and autonomy of the state which defines the nature of business-government relations in the international and domestic economies. The second objective is to develop a new analytical framework which will facilitate an examination of the relative strength of the state vis-à-vis business and other non-state actors in actual policy processes. The third is to apply this model to the Canadian and Japanese cases and characterize the nature of these two systems in terms of state influence and autonomy. It also attempts to assess the relevance of the new analytical framework in the study of MNCs-state and business-government relations, comparative political economy and public policy as well as to search for the general conditions under which market intervention by the government is likely to increase.

In order to achieve these objectives, the next chapter explores the intellectual controversy over state power and also attempts to provide possible reasons for the lack

of relevant empirical studies by reviewing the dominant approaches used in the analysis of state power in an economy. The main thesis of this review is that the current status of research on the subject is closely related to the theoretical orientations of conventional political analysis and that what may be termed the statist approach may be a useful tool for analyzing state power in policy processes.

In Chapter III an attempt is made to sketch a conceptual framework for a statist analysis. No systematic cross-national study of state power in industrialized economies has been carried out so far using this approach. The usefulness of this approach itself is therefore also the subject of this investigation, which will be carried out through case studies in Chapters IV and IX.

## **2. The Case Study**

The cases deal with the relationships between the state and the oil industry in Canada and Japan where multinational oil corporations (MOCs) have a substantial presence. MOCs are both non-state and transnational actors. In fact they are among the largest corporations in terms of assets or sales volumes,<sup>16</sup> and for this reason one can easily imagine that their influence in their host countries is substantial. At the same time, petroleum was considered a strategic resource long before the oil crisis of 1973. Hence, because of the tremendous resources of MOCs and the strategic nature of petroleum from the viewpoint of the state, the case study will be able to illustrate interesting interactions between the state and private sector. MOCs' activities and relationship with the home governments and developing oil producing countries are relatively well-documented, while there are not many studies concerning their



relations with host governments in industrialized countries.<sup>17</sup> This study aims to increase knowledge on the latter.

Both Canada and Japan are industrialized major powers in the hierarchy of nations. Although there are some similarities between the two, such as liberal, democratic forms of government, the parliamentary system and a mixed economy, there are also significant differences between these two state systems. Japan exemplifies a non-Western, resource-poor (oil importing), homogeneous and highly centralized state system, while Canada represents a Western, resource-rich (oil exporting), heterogeneous and decentralized state system. Moreover, in oil policymaking, the Canadian state seems to be under the effective control of federal and provincial political leaders and has experienced rapid institutional development, while the Japanese state seems to be effectively led by a bureaucracy with strong continuity. Because of these differences, the Canadian and Japanese cases may give some clues to important variables which affect or determine state power in industrialized capitalist economies. In short, Canada and Japan seem to present interesting cases because the former appears to represent a fragmented weak state while the latter, a centralized strong state. As a result, although both of them developed their petroleum industry under the strong influence of U.S.-based oil companies in the postwar era, the two systems seem to have produced considerably different consequences.

The development of the oil industry in postwar Japan started during the Allied (in effect American) occupation.<sup>18</sup> At that time Japan had no sovereignty, but succeeded in limiting the degree of foreign ownership quite significantly. On the other hand, Canada, while emerging as a major power immediately after the war, did

not attempt to control the activities and resources of MOCs for the development of an indigenous Canadian petroleum industry. As a result, the Canadian polity has been far more 'penetrated' than the Japanese in this important sector of industry and such a state of affairs has made it difficult for the Canadians to enjoy as high a degree of control over their own domain as the Japanese could at the domestic level.

Moreover, the Japanese petroleum policy has reflected a strong nationalist sentiment for years and seems to have been reasonably well-coordinated even during the post-oil crisis era. In the case of Canada, it seems only around the time of the 1973 oil crisis that its petroleum policy began to express nationalistic concerns in its substance and scope, as manifested in the creation of Petro-Canada, or in the adoption of the National Energy Program (NEP).

Does Canada represent a "weak state" and Japan, a "strong state" in the petroleum policy process although Samuels' study suggests that the latter is a relatively "weak state"? Does the change in the direction of Canadian oil policy mean that the Canadian state has become "stronger" than before? Possible changes and continuities in the level of state influence and autonomy in the Canadian and Japanese oil policy process and business-government relations are illustrated in the Tables I-1 and I-2. The question of whether or not such speculation is close to reality is the focus of the empirical investigation carried out in Chapters IV-IX.

The two periods which this study focuses on are the 1960s when abundant supplies of reasonably priced oil was taken for granted and also the 1970s when the world was shaken by the two oil crises. These two periods allow us to make a comparative examination of day-to-day routine state intervention in the economy and crisis management by the state.<sup>19</sup>

**Table 1-1 Canadian State Power in the Oil Market: A Speculation**

Influence	High	Moderate	Little
Autonomy			
High	1970s?		
Moderate			
Little			1960s?

**Table 1-2 Japanese State Power in the Oil Market: A Speculation**

Influence	High	Moderate	Little
Autonomy			
High	1962?		
Moderate			
Little			1970s? 1980s? 1990s?

In *Reasons of State*, based on a case study of the American state's response to the oil crisis, G. John Ikenbery has addressed the question of "what capacities ... the modern American state possess(es) to cope with rapid international political and economic change." The relationship between the state, state power, sovereignty, and increasingly complex economic interdependence between countries or the controversies of relative power between the state and new international actors<sup>20</sup> such as MNCs and non-governmental organizations, have **challenged** the traditional approaches to international relations and political economy. As Ikenbery argues, the oil shocks of the 1970s were "a key set of historical events that propelled these controversies."<sup>21</sup> It is hoped that the study of Canadian and Japanese states' response to the oil crises will provide an interesting insight, view and empirical evidence to this ongoing debate.

### **3. Some Key Concepts Defined**

Before starting the analysis, some key concepts need to be defined. To begin with, the term 'state,' itself requires definition. This term can be used in different ways. Nonetheless, so as to avoid confusion, in this study the state means the central governing organ of a polity through and by which public policy is legitimately made and implemented with the support of coercive power. The state in industrialized economies consists of those who hold public office, including the politicians who supervise the executive branch of the state, officials who work under them, judges, police and military personnel and sometimes some leaders from the private sector who

sit in advisory committees for policymaking. Because the executive organ of the state, “the government,” is a major initiator of action in the contemporary state, the term “the government” may often be used instead of the state. However, although it is an important component, the government is only part of the state.

The power of the state has two important dimensions. One is the potential capacity of the state to affect other state actors, non-state actors and the policy environment. This will be called the power potential of the state, or state capacity. The other dimension of state power is influence. Influence is the actual manifestation of power in political reality.

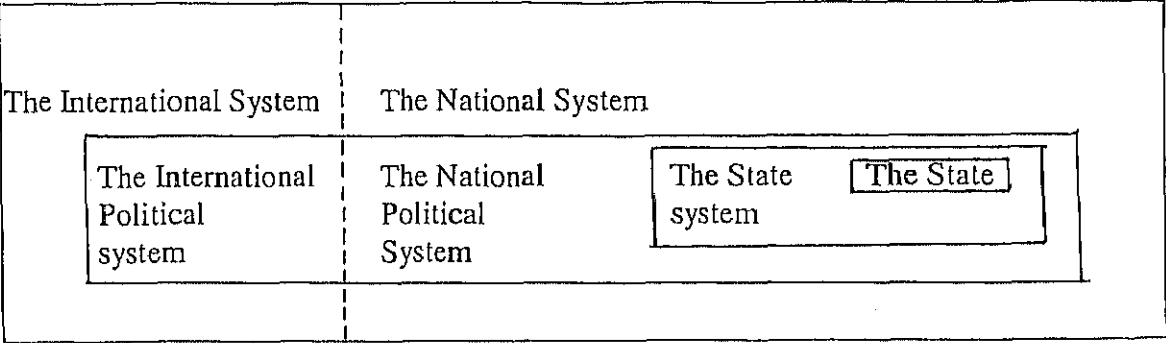
The power potential of the state includes both policy development and implementation capacity. Policy development consists of three elements, that is, (1) data gathering capability to examine both international and domestic environments; (2) data analysis capacity; and (3) policy formulation capacity. Policy implementation capacity involves the administrative capability to carry out formulated policies. The process by which state policy is developed and implemented can be termed the public policy process.

State capacity is intangible. It is extremely difficult to measure this aspect of state power. Often one can only guess what power potential the state has. State influence, on the other hand, can be observed although it is difficult to measure in quantitative terms.

In relation to state influence, state autonomy can be defined as the extent to which the state actually influences the policy process based on its own preferences, and its perceived national or public interests, rather than according to various societal preferences and interests. In this sense state autonomy is inseparable from, and

dependent upon the existence of state influence; the more influence the state exercises, the more potential the state has to become an autonomous actor in a polity.

**Table 1-1: The State in the International System**



The concept of the state system used in the following analysis refers to something more than the state itself, namely, all of the domestic factors and dimensions related to the functioning of the state within a political system. For instance, the attitudes of the people or mass media towards the state is not part of the state as defined above, but as long as these attitudes affect the functioning of the state, which is usually the case, they are part of the state system. However, for example, conflicts between an employer and his employees as to when and for how long they may have a holiday are not. They can be political, but are not part of the state system in most cases since industrial relations of this magnitude would not significantly affect the state singly, although this case can be part of the broader political system. Table 1-3 illustrates the relationships between these analytical concepts. In this table, a political system is conceived as part of the international political system. The state system or political system may also be called the polity.

#### 4. Significance of the Study

This is not a comprehensive study of the key factors in determining the level of state power and autonomy. It is rather an attempt to explore an approach that may potentially be useful for such a study. The cases in which this approach has been applied involve only state relations with the oil industry in two countries in the 1960s and 1970s. This study may only partially enable us to judge how useful this approach really is.

Moreover, this study is not concerned with the question of how to manage non-renewable energy sources such as oil or that of how to protect the international environment. Although these are pressing issues in the contemporary international system, they require different research design and strategies and are, therefore, beyond the scope and intention of this study.

An analysis of the key factors of state power and autonomy is, however, central to the study of the relationships between the state and society or relations between the state and MNCs. For this reason, this study may be able to increase our understanding of state behavior both in the domestic and international economy. Furthermore, the characterization of different politico-economic systems is a major task of research on comparative political economy, public policy and business-government relations. In particular, an understanding of the role of the state in public policy processes is a key area of investigation in these fields of studies. As the next chapter indicates, the statist approach may be able to clarify crucial differences and similarities between states in terms of power and autonomy in different state systems.

More specifically, the study should be able to increase our understanding of the characteristics of Canadian and Japanese state systems and business-government relations. It is hoped that this study will be able to assist analysts in charting some direction for the future course of business-government or transnational relations in these countries.



## Notes and References for Chapter I

<sup>1</sup> For the concept of actors, see, Robert O. Keohane and Joseph S. Nye (eds.), *Transnational Relations and World Politics* (Cambridge, MA: Harvard University Press, 1970), pp. ix-xxix and 371-398; and Arnold Wolfers, *Discord and Collaboration: Essays on International Politics* (Baltimore: The Johns Hopkins Press, 1962), Chap. 1. For the concept of the 'system,' I am indebted to R.A. Reynolds, *An Introduction to International Relations* (London: Longman, 1971).

<sup>2</sup> For a comparative analysis of deregulation, see Stephen Vogel, *Kisei Taikoku Nihon no Jiremma: Kaikakuwa Ikani Nasareruka* (The dilemma of regulated superpower Japan: how reform should be done) (Tokyo: Toyokeizai Shimposha, 1997).

<sup>3</sup> On the overload thesis of the government, see, Michael Crozier, et al, *The Crisis of Democracy* (New York University Press, 1975); D.A. Hibbs Jr. and H.J. Madsen, "Public Reactions to the Growth of Taxation and Government Expenditure," *World Politics*, 33 (1980-1981); Anthony King, "Overload: Problems of Governing in the 1970s," *Political Studies*, 23 (June and September, 1975), pp. 284-296; Richard Rose, "The Overloaded Government: The Problems Outlined," *European Studies Newsletter*, V (December, 1975); -----, "On the Priorities of Government: A Developmental Analysis," *European Journal of Political Research*, Vol. 4 (1976), pp. 247-289; -----, *Understanding Big Government* (London: Sage, 1983); ---- and G. Peters, *Can Government Go Bankrupt?* (New York: Basic Books, 1978); Richard E.B. Simeon, "The 'overload Thesis' and Canadian Government," *Canadian Public Policy*, II, 4 (Autumn 1976), pp. 541-552.

<sup>4</sup> Martin Carnoy, *The State and Political Theory* (Princeton: Princeton University Press, 1984), p.3.

<sup>5</sup> The second chapter will further elaborate this point.

<sup>6</sup> A few empirical studies carried out on the state in industrialized capitalist economies include: Stephen D. Krasner, *Defending the National Interest: Raw Materials Investment and U.S. Foreign Policy* (Princeton: Princeton University Press, 1978); Theda Skocpol, "Political Response to Capitalist Crisis: Neo-Marxist Theories of the State and the Case of the New Deal," *Politics and Society*, 10 (2) (1981), pp.155-201. There are several empirical studies on state power and autonomy of other economies including: Nora Hamilton, *The Limits of State Autonomy: Post-Revolutionary Mexico* (Princeton: Princeton University Press, 1982); -----, *States and Social Revolutions: A Comparative Analysis of France, Russia and China* (Cambridge: Cambridge University Press, 1979); and Alfred Stepan, *The State and Society: Peru in Comparative Perspective* (Princeton: Princeton University Press, 1978).

<sup>7</sup> One of the most influential, pioneering study of this subject is Keohane and Nye, *op. cit.*. According to them, "transnational relations is a broad term which includes

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both transnational and transgovernmental interactions, i.e., “non-governmental actions” and “interactions between governmental subunits across state boundaries.” (Keohane and Nye, “Transnational Relations and World Politics: A Conclusion,” in *ibid.*, p.383. MNCs-state relations is accordingly part of transnational relations as defined by them. Thomas Risse-Kappen and others argue, however, that their definition is too broad for a meaningful study of important emerging trends. For details, see, Thomas Risse-Kappen, “Bringing Transnational Relations Back In: Introduction,” in ----- (ed.), *Bringing Transnational Relations Back In* (Cambridge: Cambridge University Press, 1995).

<sup>8</sup> Major debate on the subject includes: Robert Alford, “Paradigms of Relations Between the State and Society,” in Leon N. Lindberg, et al (eds.), *Stress and Contradiction in Modern Capitalism* (Lexington, MA: D.C. Heath and Company, 1975); Fred Block, “Beyond Relative Autonomy: State Managers as Historical Subjects,” in Ralph Miliband and John Saville (eds.), *The Socialist Register 1980* (London: Marlin Press, 1980); Martin Carnoy, *op. cit.*; Bob Jessop, *Theories of the State* (New York: New York University Press, 1983); and Eric A. Nordlinger, *On the Autonomy of the Democratic State* (Cambridge, MA: Harvard University Press, 1981).

<sup>9</sup> Richard J. Samuel, *The Business of the Japanese State: Energy Markets in Comparative and Historical Perspective* (Ithaca: Cornell University Press, 1987).

<sup>10</sup> Chalmers Johnson, *MITI and the Japanese Miracle: the Growth of Industrial Policy, 1925-1975* (Stanford: Stanford University Press, 1982); and T.J. Pempel, *Policy and Politics in Japan* (Philadelphia: Temple University Press, 1982).

<sup>11</sup> For a critical review of the literature on the Japanese political economy, see Takamichi Mito, *Contending Perspectives on the Japanese ‘Economic Miracle’* Working Paper in Japanese Studies No. 2 (Melbourne: Japanese Studies Centre, Monash University, 1992).

<sup>12</sup> William D. Coleman, “Canadian Business and the State,” in Keith Banting (ed.), *The State and Economic Interests*, Vol. 32 of the research studies prepared for the Royal Commission on the Economic Union and Development Prospects for Canada (Toronto: University of Toronto Press for the Minister of Supply and Services Canada, 1985), p.273.

<sup>13</sup> Johnson, *op. cit.*, ; and Pempel, *op. cit.*.

<sup>14</sup> Samuels is well aware of such possibility but does not examine the validity of such a view. Samuels, *op. cit.*, pp.-2.

<sup>15</sup> As will be examined later, in the case of establishing Petro-Canada, the initial government recognition of the need to create the crown corporation was related to, among many important factors, its weakness in independent data gathering ability in the petroleum industrial sector. The government could set up Petro-Canada, however, because it was strong enough to do so. For details, see, Chapter VIII below.

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<sup>16</sup> For instance, see annual world corporate ranking in *Fortune* (August 22, 1983), pp. 170-189.

<sup>17</sup> One of the notable studies is U.S. Senate, Subcommittee on Multinational Corporations of the Committee on Foreign Relations, *A Documentary History of the Petroleum Reserves Corporations, 1943-44*, 93rd Congress, 2nd Session (Washington, D.C.: U.S. Government Printing Office, 1974).

<sup>18</sup> For the impact of the Occupation policy on the development of the oil industry in postwar Japan, see Takamichi Mito, "The Allied Occupation of Japan and Industrial Development in Postwar Japan: the Case of the Petroleum Industry," *Research Bulletin* (the International Student Center, Kyushu University, Japan), No. 8 (1997), pp. 89-124.

<sup>19</sup> Kosuke Oyama characterizes the nature of Japanese administrative guidance (*gyosei shido*) for the oil industry in the pre-crisis era as routine and during the crisis as emergency-type. See, Kosuke Oyama, *Gyosei Shido no Seiji Keizaigaku: Sangyo Seisaku no Keisei to Jisshi* (The political economy of administrative guidance: the formation and implementation of industrial policy) (Tokyo: Yuhikaku, 1996). An examination of these two periods will, therefore, enable us to clarify any differences and similarities in the nature of state power caused by such situational variables.

<sup>20</sup> "Re-Examination of Actors in International Relations" is the major focus of the Journal of the Japan Association of International Relations. See, *Kokusai Seiji / International Relations*, Vol. 119 (October 1998).

<sup>21</sup> G. John Ikenbery, *Reasons of State: Oil Politics and the Capacities of American Government* (Ithaca: Cornell University Press, 1988), pp. ix-x.