CHAPTER FIVE

THE FUTURE OF THE U.S.-JAPAN ALLIANCE RELATIONS

Theoretical And Practical Implications For Bilateral Relations

0. General Overview

During the Cold War, the U.S.-Japanese security alliance played a key role, not only for the economic prosperity and security interests of both Japan and the US, but it also contributed to the regional and international stability. However, the raison d'etre for the U.S.-Japan security alliance began to dissipate with the collapse of the former Soviet Union and the end of the Cold War. Notwithstanding security concerns about North Korea and others, many Japanese and Americans were beginning to doubt any need for a U.S. military presence in Japan and particularly in Okinawa. In the United States, the first Bush administration appeared more interested in external problems and was looking for an increase in its global military burden particular after the September 11 attacks on the US. Against this background, the forced withdrawal of the U.S. troops from the Philippine military bases in 1992 signaled for many East Asian states the beginning of a military-political disengagement and a progressive withdrawal of the United States from the region under pressure.

These developments also seemed to confirm neorealist arguments in the literature on alliance theory that, once a common threat shrivels, alliances logically collapse or lose their raison d'etre. But as we see in the case of the US-Japan

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alliance and NATO, alliances might persist even when the former common threat has disappeared. We can also conclude that alliances functioning during a bipolar era remain fundamentally different in both theory and practice from those evolving in a multipolar world.\textsuperscript{2} Given the complex strategic and military dimensions of the Asia-Pacific region and the changing web of relations, neorealist and neoliberal-institutionalist theories of international relations have all their strengths and limits in explaining state behavior and international relations. In this light, a combination of these theories, together with network-models and constructivism provide the most suitable framework for organizing thoughts and arguments.\textsuperscript{3} In the regional security perception of ASEAN member states and other Asian powers, including Japan, the PRC’s policy in the South China Sea seemed increasingly willing to fill out the political vacuum the U.S. left through the withdrawal of its armed forces from the Philippines in 1992.\textsuperscript{4} At the same time, and in the light of growing semi-isolationist tendencies in the U.S. policy particularly before September 11 attack, an increasing number of American politicians tried to counterbalance these tendencies, but demanded that Japan share more of the security burden in the western Pacific - partly to keep the U.S. involved and partly to balance China. Furthermore, the bilateral

\textsuperscript{2} See also Joshua B. Spero, Frank Umbach, “NATO’s Security Challenge to the East and the American-German Geo-Strategic Partnership in Europe,” Report of BI\textsc{O}st (Federal Institute for East European and International Studies, Cologne), No. 39, 1994: 15ff.


\textsuperscript{4} For details on China’s Policy in East Asia and the Implications for ASEAN, the ARF see Frank Umbach, “ASEAN and Major Powers: Japan and China – A Changing Balance of Power?” in Dösch, Jm/Mols, Manfred, (eds.), \textit{International Relations in the Asia-Pacific, New Patterns of Power, Interest and Cooperation}, Hamburg/Münster/London, 2000b.
trade disputes, too, complicated the need for a redefinition of the bilateral security alliance between the United States.

On the other hand, since the beginning of the 1990s, Japan's foreign and security policies have already undergone significant changes - although rather gradually and incrementally. In November 1995, the National Defense Outline was revised for the first time in 20 years to meet the demands of the post-Cold War era. In April 1996, the Japan-U.S. security pact was redefined and the two countries issued a joint declaration outlining a renewed security alliance for the 21st century. On September 1997, revised Guidelines for the security treaty were issued which envisioned Japanese support for the U.S. in minesweeping, evacuating and rescue operations and, subject to United Nations approval, the inspection of shipping in situations that may have an important influence on Japan's security. Recently, in October 2001 Japanese government dispatched JSD Forces to the Middle Asia for the first time to support logistically the US in its war in Afghanistan. These changes in Japanese security policies were and remain a subject of continuing public discussion in Japan itself as well as in other Asian countries, in particular China. Meanwhile, Japan has become a strong supporter of the new multilateral security institutions of the ASEAN Regional Forum (ARF) and the Council Security Cooperation in Asia-Pacific (CSCAP). These new multilateral security institutions

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5 For details on changes in Japan's foreign and security policies see Umbach (2000).
6 Diplomatic Bluebook 2002, Ibid., p. 91.
7 Joint Press Conference by Prime Minister Ryutaro Hashimoto of Japan and President Clinton of the U.S dated 17 April 1996, Tokyo.
8 Diplomatic Bluebook 2002, p. 95.
seem to follow European experiences based on co-operative security models and regional integration. In the long-term, they may offer better security perspectives for Japan and other East Asian countries and thus, replace the bilateral security ties with the U.S., as their proponents presume. Against this background, questions arise concerning the purpose and objectives of the new bilateral security treaty and particularly of the Guidelines for the U.S.-Japanese defense co-operation, the perception of the alliance in neighboring countries and the expectations linked with the redefined security alliance, especially in the U.S. and Japan. Moreover, not all problems between both countries have been resolved and parts of the new security and defense co-operation are still heavily disputed in Japan. In this light, and given the current financial and economic crisis, some doubts still remain to whether Japan is really able to adhere to the agreed defense co-operation particularly in crises and emergency situations. This chapter is devoted to analyze, theoretically and practically, the evolution of the redefinition of the bilateral U.S.-Japan alliance relations in the post-Cold War era and focuses specifically on the possible alternatives and scenarios, the alliance’s roles, and the remaining stresses and disputes.

5.1. Theoretical and Practical Implications for the Future of the U.S.-Japan Alliance Relations

Through examining selected issues in U.S.-Japan alliance relations, the study explored the way in which the U.S.-Japan alliance performed crucial roles in mitigating relative gains concerns and in facilitating interstate cooperation between both sides. The preceding analysis demonstrates the importance of the alliance in promoting interstate cooperation between the U.S. and Japan. Because of the alliance
relations, both countries had incentives to compromise in bilateral issues, particularly in conflicts threatening the alliance maintenance. This exploration indicates that the alliance remains importance for both allies in the post-Cold War era. Nevertheless, with the absence of a common threat, continuing economic frictions, the relative economic decline of both countries and shifts in world politics especially after the September 11th attack on the U.S., a reexamination of whether or not the alliance is viable in the new international system is absolutely necessary.

5.1.1. Scenarios and Alternatives

As a result of such major changes in the international system, some neorealists started to question whether the U.S. and Japan will be able to continue managing their political and economic frictions, as relative gains concerns rise in both countries. Scholars of the U.S.-Japan alliance suggest some popularized scenarios for the future. These scenarios actually involve several alternatives and certain costs.

Therefore, it is necessary to examine whether both countries, especially Japan, have less costly alternatives or not. These alternatives include: replacing bilateral alliance with regional security framework; depending on collective security system; establishing continental alliance or coalition with China and Russia; and choosing independent security policy; reviving neo-copro sperity idea; and even forming trade blocs (by the U.S.). The first two options would generally fall within a general scenario of peaceful relations, while the latter four may will fall within a
general scenario of conflicting or power relations. The following section explains these options and alternatives:

1. Multilateral Security Framework: One of the most possible scenarios in the 21st century is to rearrange security setup and perhaps to create an extended unified security coalition in the Asia Pacific region, including the US. This indicates a drive toward increased Japanese autonomy from the alliance and a shift in Japan’s focus from the U.S. to Asia. One of these alternatives involves transforming the present bilateral security arrangement into a regional one. One possibility is also to establish a collective defense system as NATO, which includes the US, Taiwan, South Korea and Asean.

This option is closely linked with the increased economic interdependence, which grew and developed among the states of this region and the US. Thus, the security and military stability is vital and essential for economic interests of these nations. In this context, it is natural that Japan may regard large security coalition, which could prevent military hostility in this region, is vital to its interests. Such alternative was proposed during the Cold War. But Japan opposed this alternative out of fear of becoming involved in the global American strategy or in dangerous conflicts such as the Vietnam War.

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11 The implications for the US-Japan alliance for regional security arrangement or multilateral cooperation system are examined in Chapter Six.
However, with the declining Russian threat and deepening Sino-Japanese relations, Japan may think of this alternative. One possible alternative would be the creation of a CSCE-type regional security community.\textsuperscript{14} Japan has taken modest steps in this direction by initiating the formation of a tripartite organization, which may consist of the U.S., South Korea and Japan to discuss common security issues in the region. Japan has also proposed intensified dialogue on security and political issues between Asean countries and its partners. But given the conflictual interests within the region and the presence of neighboring nuclear states, it would make it difficult to create a new common security arrangement that could ensure Japan’s security without maintenance of the alliance with the US, unless Japan itself chooses the nuclear option or a regional nuclear-free zone is created.\textsuperscript{15}

It can be concluded that the Asia-Pacific region has not yet obtained a framework of multilateral security cooperation that could effectively maintain regional stability by itself. The Asean Regional Forum (ARF), established in 1994 to promote political security dialogue among Asia-Pacific countries, may play an important role in maintaining regional peace and stability. However, the US-Japan alliance remains important for Asia-Pacific security even after the ARF develops into an effective security mechanism. Nonetheless, although common security and collective security are not applicable to the Asia-Pacific region, cooperative security

\begin{footnotes}
\item[14] The idea of establishing structures for security and cooperation in Asia of the same type as the Conference on Security and Cooperation in Europe (CSCE) has long been in the air but has not yet gained wide support. See address by Nursultan Nazarbaev, the President of the Republic of Kazakhstan in General Assembly Forty-Seventh Session, U.N. Headquarters, New York, 5 October 1992; See also The China-India-Russia Partnership, The Pioneer (Indian Newspaper), 16 January 99.
\end{footnotes}
is expected to develop in the Asia-Pacific region in the foreseeable future, but it will go hand in hand with an alliance system. In the near future, any regional security arrangement could therefore only supplement bilateral security arrangement in the region.

If the creation of a large security forum in Asia Pacific region becomes reality, then it is expected that Japan will play a major role because of its growing military and economic power.

2. Continental Security Alliance: this scenario means that Japan will challenge the US directly and seeks to create a new international order supported by Japanese economic power and a possible military alliance with major regional powers. This alternative would involve a continental coalition with China and/or Russia. Such an alternative will alter the international balance of power. This represents another reason why the U.S. will be reluctant to abrogate the alliance even in case of increased trade deficits.

Given instability with its relationship with China and Russia, such a choice will also represent a high risk for Japan. It could undermine the Japanese economic and trade relations with the US. In addition to that, the historical military image of Japan in the region is not without risk. Therefore, it is not easy for Japan to adopt such an alternative, although often suggested by Japanese revisionists.

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17 Purrington, Ibid. p. 612.
3. Collective Security System. The Other alternative for Japan is to effectively participate in a collective security system under the United Nations. This alternative is provided for in Article X of the Security Treaty. This means that Japan remains a trading state and contributes efficiently to maintaining international security issues but without arousing domestic or international oppositions. Recently, JSDF’s participation in peacekeeping missions in Cambodia and Indonesia is seen as an important step in this direction.

But the abrogation of the alliance will also entail high risks for Japan, unless the collective security system guarantees its security, especially with regard to its unsolved territorial conflicts with Russia and China.

4. Independent Security Approach

A fourth alternative consists of an independent security policy. Japan may choose a free-rider strategy and refuse to support collapsing world institutions, as U.S. is no longer able to bear most of the costs of maintaining the international and financial systems. Another option involves a serious alternative for Japan to adopt an independent security policy. In this context, Japan may continue to be a trading state but adopt neutrality.

19 See the attached copy of the Security Treaty
20 Interview with the Commander of Komaki Air Base-JASDF, colonel Eiichi Yamaji, January 25, 2001, Kasuganji/Nagoya, Japan.
21 This alternative was proposed before by General MacArthur after the end of the World War II
The realist approach argues that states will seek to acquire military capabilities to achieve security independence once it achieves economic affluence.\textsuperscript{22} For many years, realists have predicted that Japan will decide to build nuclear weapons when and if the country feels its survival is threatened by a foreign military power. Whether Japan is willing, interested or able to become a nuclear power or not, such an interpretation is not applied to Japan.\textsuperscript{23} Over more than 30 years, since its emergence as major economic power, Japan did not accept the traditional major power style and has attempted to remain aloof from the aspect of power politics in international relations.\textsuperscript{24} Actually, Japan has accepted unequal status via-a-via the U.S. and China in order to maintain stable relations in the region. But with the new changes in world politics and the dispatching of JSDFs overseas, the idea of autonomous policy will be brought to the fore. So what will happen if Japan dissolved the alliance and adopted autonomous policy?

Basically, adopting such policy would be perceived as a serious threat to its Asian neighbors in particular China\textsuperscript{25} and it is possible such a policy may induce Korea and Taiwan to go nuclear. In addition, it will harm the U.S.-Japan relations that may make Japan vulnerable to the U.S. possible response. It is believed that at least economic sanctions can efficiently work against Japan.

\textsuperscript{22}See Kenneth Waltz, "The Emerging Structure of International Politics," \textit{International Security}, Vol. 18, No. 2, Fall 1993
\textsuperscript{24} Gerrit W. Gong, ibid p. 30
\textsuperscript{25} China in the most potential threat to Japan because of its huge size Many Japanese elites and scholars always express this fear. See Personal interview with Matake Kamiya, National Defense Academy, Japan, November 2, 2001.
But this scenario and its alternatives are not without risk. So if Japan intends to withdraw from alliance with the US and adopts an autonomy military policy, then its overall relations including economic relations will be seriously threatened. Therefore, for economic reasons, it is vital to maintain and sustain the security alliance with the US. In addition, such choice may endanger Japan unless there are international security guarantee. Another obstacle to neutrality is that there is now a general desire in Japan to play role in international politics commensurate to its status as a great economic power.

Actually the choice within this alternative involves that Japan remains armed but become neutral trading state. This requires reorganizing Japanese defense forces (SDF), which is interwoven with the US strategy in the region. At the same time, these forces lack deterrent capabilities and independent defense. Moreover, this alternative is incompatible with the strategy of trade state, because the abrogation of the alliance may undermine the Japanese regional trade relations because of historical distrust in Japan. In this context, if the U.S. withdraws its nuclear umbrella, this may stress Japan to go nuclear or to create a regional trade system centered on Japan's economic power. Nonetheless, the historical legacy of Japan renders this security alternative problematic. In addition, China is expected to challenge any Japanese attempt to regional hegemony. Therefore autonomous strategy is not yet a practical policy option for Japan.

5. Greater East Asian Neo-coprosperity Sphere through forming Asian security and trade institutions centered on Japan. This option means that Japan should shift its position from Westernism to Asianism.\(^{28}\) Recently, Japan proposed an initiative to a framework for the relationship between Asian countries, which may consist of Japan, China, ASEAN and the Republic of Korea.\(^{29}\) Japanese Prime Minister, Junichiro Koizumi on his visit to the original members of ASEAN in January 2002, emphasized the importance of the framework of "ASEAN+3" where the "deepening of Japan's cooperation with China and Korea will be a significant force in propelling this community."\(^{30}\)

6. The US, fearful of growing technology and military forces of Japan, will seek to contain Japan through forming trade blocs in North America, or anti-Japanese alliance with E.U. This realist prediction seems to be no longer valid at least in the foreseeable future.

\(^{28}\) The idea of Co-prosperity is not new. In 1919, at Versailles Peace Conference after World War I, Japan proposed that the principle of racial equality be included in the League of Nations Declaration. This proposal was rejected by the US and Great Britain. This incident terribly humiliated Japanese people, who started to consider themselves the first-class citizens in the world. These led Japan to coming back to East Asia. This associated with the view that Japan should work with other races in Asia to liberate Asia from the Western imperialism. This idea is the Greater East Asia Co-prosperity Sphere called dai tona Kyonei ken in Japanese. The aim of the Greater East Asia Co-prosperity Sphere was to break down the de facto international order established by the Western powers and attempted to set up a new international order in Asia. In 1938, the then-Prime Minister Fumimaro Konoe made a speech about this idea. See Michinori Kono. Ibid. pp. 17-18.

\(^{29}\) The year 2002 is highly significant on Japan's diplomatic calendar for its relations with Asia. The year marks the 30th anniversary of the normalization of Japan's relations with China, the 50th anniversary of the signing of a peace treaty between Japan and India; and the 25th anniversary of the Fukuda Doctrine, announced in Manila by then premier Takeo Fukuda in 1977. See Asia Times Online. http://www.atimes.com/ Accessed on January 10, 2002 Japan; and Kyodo News, January 15, 2002.

\(^{30}\) The importance of this idea is that it came with the new transformations taking place in world politics after September 11 attack and the new Japanese security and defense policies to dispatch Japanese forces overseas for the first time since 1945. As a new initiative it is expected that it will attract scholars and politicians attentions in both sides of the pacific.
The preceding theoretical and practical analysis entails high security dangers for Japan, unless accompanied by creating a nuclear free zone, or possessing nuclear weapons. Although Japan has the ability to become a major nuclear power,\(^{31}\) such an approach could create regional instability and even undermine the Japanese trade relations.\(^{32}\)

Although the preceding expectations are of significance and still possible options, this study finds that the security and economic interdependence between both nations are sources of peaceful relationships and smooth transformations. The study argues that the strength of the alliance does not always depend on the existence of a common threat as neorealism claims. Instead, the credibility of alliance commitments also depends on the value that both allies attach to other roles performed by the security institution.

So when examining the possible roles that the U.S.-Japan alliance will perform in post-Cold War and in the 21\(^{st}\) century, and analyzing the security alternatives and the costs involved, the study finds that there remain significant mutual incentives for both countries to maintain the alliance. The alliance will continue to serve a military role as a regional stability power and as an instrument against any potential threat to both side's interests in the Asia Pacific region. Moreover, the alliance could perform a key role in East Asia and becomes more important in mitigating any potential emergence of Japanese militarism. In addition to the above-mentioned expectations, the alliance will continue to serve as a political

\(^{31}\) There is a number of factors that indicate that this option cannot be. For details on this argument see Matabe Kamiya, *Will Japan Go Nuclear? Myth and Reality*, Wellington, New Zealand: Victoria University of Wellington, GSS, 1995, pp 3-14.

\(^{32}\) Kamiya, Ibid. p. 9.
framework for bilateral cooperation and for resolving economic and trade issue areas and reducing risk and uncertainty in one of the most dynamic relations in the international system. Therefore, the hegemonic conflict between the U.S. and Japan is not inevitable.

Nevertheless, there will be major stresses in the alliance relations. These stresses will emerge not only from economic friction, originating from industrial sectors, economic competitiveness and trade imbalances, but also from necessary adjustment in the arrangements of burdensharing and powersharing, as the US demands that Japan have to contribute more to the maintenance of the costs of the international system give rise to resentment within Japan over an imbalance between its economic power and international status. Although the stresses in the US-Japan security alliance may pose dangers and challenges to the overall US-Japan relations, they are actually indeterminate for the future of the U.S.-Japan bilateral alliance relations.

5.1.2. Neorealist and Neoliberalist Implications

The U.S.-Japan security and economic relationship has theoretical and practical importance to understand how the emerging international order will evolve in the 21st century. It provides opportunities to test approaches to international relations, particularly, neorealist and neoliberalist approaches which are different in their explanations and forecasts for the future of the U.S.-Japan relations in the post-Cold
War era. Some neorealists predict a return to unstable multipolarity, nationalism, and rising conflicts among major powers. After the end of the Cold War and the collapse of the Soviet Union, which was the most important impetus for the stability of the US-Japan alliance relations and moderated relative gains concerns between both parties, neorealism predicts that both nations will attempt to terminate the alliance and struggle for hegemony in the international order.

Neorealists on both sides of the Pacific expect rising conflict between the two countries. In the US, revolutionists look at Japan as a state that does not commit to liberal and free trade and they consider it not only an economic threat, but also a potential ideological and military threat to the US. Therefore, they want the US to subordinate economic concerns to security concerns. In turn, Japanese revolutionists argue that the economic success of Japan is a result of unique Japanese practices and they believe that Japan has the ability to challenge the U.S. and refuse to accept American conditions concerning trade and economic issues. In contrast, neoliberalist approaches indicate that non-structural conditions may moderate a search for relative gains between the U.S. and Japan in the post Cold War. Liberal theories of interdependence emphasize that increased trade exchanges or transgovernmental contract may alter states behavior, particularly with the process of globalization.

Another point of debate between realists and liberals is over the relationship between interdependence and conflict. Realists criticize classical liberals for believing that high levels of interdependence would prevent the outbreak of war. As

33 Particularly, those who support unconditional neorealism.
34 See John Mearsheimer, Back to the Future: Instability in Europe after the Cold War, pp 5-56
35 See Robert Keohane and Joseph Nye, (eds.), Transitional Relations and World Politics, P 600-8
mentioned in Chapter Two, neoliberal approaches acknowledge that interdependence can create more potential points of conflict if states fear each other and struggle to protect their national independence. But when both states expect that their mutual interests are high, and predict that long-run relations will be peaceful, then even absolute gains such as the creation of wealth arising from interdependence may reinforce the incentives for peace and cooperation. 36

This approach to U.S-Japan relations would emphasize how fears of mutual economic destruction constrain the usage of coercive strategies because both parties are afraid of a chain reaction that would halt flows of trade, capital, and technology between both countries. It would also emphasize the constraining influence of preferences for open trading systems by corporations dependent upon the trade relationship between Japan and the U.S.

Furthermore, liberalism argues that liberal democratic states do not fight each other although they have mutual problems or trade frictions. In this context, traditionalists acknowledge that convergence theories are misguided but also assert that Japan is a democratic nation. Hence, traditionalists would argue that the Japanese competition differs from the competition among the great powers during the Cold War, because their relations were shared by antithetical core values and a mutual threat to each other. On the contrary, the common liberal-democratic values, reinforced by interdependence and alliance security institutions, explain how Japan

and the US are able to estimate each other’s intentions, thereby reducing a concern for mutual relative gains.

As both realism and liberalism are argued to be inadequate in some of their expectations, a more adequate explanation was needed to simplify these issues. This explanation comes from institutionalism, which is stressed in this study. This approach emphasizes the importance of international institutions, regimes and international conventions for facilitating mutual cooperation and agreements among states or governments. It also explains how functions of institutions, such as providing information and decreasing the costs of bargaining, may mitigate the effects of current structural changes that are expected, according to neorealists, to undermine the US-Japan relations in the post Cold War era. This approach suggests that the international economic systems created under the US hegemony will be maintained by major actors in the immediate period of the 21st century and continue to facilitate cooperation among them because of the high costs associated with constructing alternative regimes.

This liberal approach to IR indicates that the rising conflict between Japan and the US is not inevitable. Therefore, peaceful and strong relations between both nations are expected to continue due to interdependence, shared values, and strong institutions. This means that the nature of competition under a peaceful shadow of the future is different than under an ominous shadow of the future in which both countries are distrustful of each other’s long run intentions.

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37 Timothy Dunne, ibid. p. 154.
5.2. Maintenance of Alliances in the Absence of Common Threat

The preceding analysis shows that a peaceful shadow for the future is the most possible scenario. Despite this optimistic conclusion, this study points to one major source of concern for future relations among liberal advanced countries, including the one between the U.S. and Japan. Using case studies of the U.S.-Japan relations, political and economic cooperation among the advanced countries during the Cold War in high politics issues was closely linked to maintenance of the Western alliance under the leadership of the US. The degree to which the persistence of international regimes was due to continuation of the alliance system constructed under the American hegemony, is a significant empirical question.

Neorealist approach argues that the continuation of international regimes during the Cold War was overdetermined because of the persistence of a Soviet threat throughout that period. If its assumptions about alliances are correct, neorealism could reasonably question whether the abrogation of the U.S.-Japan alliance could lead to an unraveling of nonmilitary forms of cooperation between Japan and the U.S., due to rising relative gains concerns. An answer to whether or not the alliance can be sustained in the absence of a common threat may be crucial to an understanding of the future evolution of the international system.

This study argues that neorealist approaches to the strength of alliances, which emphasize the salience of a common threat, ignore the influential role of the institutional characteristics of the alliance in moderating bilateral competition.

38 For details on this argument see Francis Fukuyama, “The End of History?” National Interest, Summer 1989, 16.
between the U.S. and Japan. Thus, the study shows that security externalities arising from superpower competition were indeterminate for cooperative efforts between the U.S. and Japan.

In the absence of a positive image of strong institutions, the Soviet threat sometimes impeded the resolution of bilateral conflicts. For example, the US would not accept the revision of Okinawa until it has become confident that Japan would not choose a neutral policy or join the Soviet bloc. So if there was no Soviet threat, the US might return Okinawa to Japan in 1951 because it was not important economically. It also happened with respect to cooperation on defense technology. The US was cautious in cooperating with Japan in defense technology because it feared that such technology transferred to Japan would end up in the possession of the Soviet Union.

This study found that the security alliance serves as not only a field for cooperation in military issues and a force against shared threat, but also as a political framework for cooperation between the US and Japan in nonmilitary issues, particularly in territorial, economic and trade issue areas. Moreover, the study reemphasized that the Soviet threat during the Cold War helped sustain the alliance as neorealism asserts, but its departure would not make the alliance outdated. The alliance actually served other important purposes during the Cold War, including moderating competition between the U.S. and Japan as former bitter enemies. These functions are best captured by institutional approaches to alliances.

Therefore, just as international institutions can be maintained after hegemony, the alliance may endure and persist even in the absence of a common threat. If the US-Japan alliance continues to serve mutual roles apart from supplementing capabilities of both allies against a common threat, it will persist in the post-Cold War era of more diffuse threats, as long as the benefits of this alliance relationship continue to outweigh its costs. This conclusion proceeds under the assumption that alliances can be maintained, even when the interests or original reasons that lead to its formation has changed due to high costs of alternative institutions and high costs of defection, as institutionalist approach argues.

5.3. The Changing Role of the U.S.-Japan Alliance in the 21st Century

After the end of the Cold War, the US and Japan expressed their need to maintain and sustain their security and economic ties. For both countries, it is vital to maintain the security alliance in order to deal with territorial and economic issue areas. The institutionalist characteristics of alliance are linked with how to deal with unstable factors in the post-Cold War and the roles both countries attach to their institutionalized alliance. As it has played crucial roles during the Cold War era, it is expected that the U.S.-Japan Alliance will continue to perform significant roles in protecting national interests of both nations in the 21st century.

For Japan, the maintenance of its alliance with the US is very important because the end of the Cold War did not create a favourable international environment for Japan. Rather, it enhances unstable factors that could threaten
Japanese national security. Thus, Japan will continue to cooperate with the US to prevent diffusion of nuclear weapons in Asia and maintain regional stability as a vital condition for economic propensity. Besides maintaining Japanese national security, the sustainment of the security alliance with the US has another significant dimension. The alliance is regarded as an instrument to demonstrate that Japan does not have any intention to become a military superpower in East Asia. This is essential to enhance Japanese shadow and strengthen its economic and trade relations with other states in the region.

The preceding analysis shows that the end of the Cold War has not made the U.S. -Japan alliance outdated. During the Cold War, the U.S.-Japan alliance confronted the formidable common threat of the Soviet Union. Because Japan was a cornerstone of the U.S. strategy in confronting the communist threat, the alliance, essentially, tended to defend Japanese territory and provide Japan with a U.S. extended deterrence. Today, the common threat has disappeared, but the alliance remains essential for the U.S. global strategy and Japanese security policy. Most importantly, and from both side’s points of view, the alliance assists in maintaining stability in the Asia-Pacific region. This means that the alliance continues to serve various roles that both countries attach to it. These roles include:

1. Protecting the American Global Hegemony (Global Roles): For the US, the US-Japan alliance represents the keystone for the US to maintain its leadership in East Asia and in the world as well, and to derive full benefits from the region’s economic growth. Moreover, the alliance serves as a framework for deterring potential threats

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Kamiya, 1999, Ibid p. 27.
and plays an important role in US strategies for the Indian Ocean and the Middle East.\textsuperscript{41} According to these arguments, it is essential for the US to preserve its security ties with Japan to protect its economic and security national interests. Therefore, the US is determined to prevent any other "hostile" power(s) from dominating Asia Pacific region. For this reason, the US regards its alliance with Japan as crucial to enhance its interests and strengthen its global control of global system, particularly after the September 11\textsuperscript{th} attack on the U.S.

2. Increasing the Deterrent Capabilities Against Shared Threat:

During the Cold War, the communist threat was used by the US and Japan as a justification for maintaining their security alliance. Japan played an essential role in the US strategy to contain the Soviet Union and China.\textsuperscript{42} This role was very important during the Cold War period. But with the absence of a common threat, the significance of this role--according to neorealists--has already declined.

The role of Japanese bases in the Gulf War was evidence that the strategic importance of Japan for the US decrease. Nevertheless, there are many unstable factors which may threaten security setup in Asia. The way these factors develop will determine the significance of the alliance to both nations. Potential emergence of China as a global economic and military power and North Korea's nuclear program are among these factors. Actually, the growing military power of China represents a real concern to both the US and Japanese national securities.\textsuperscript{43} Thus, the regional order must depend upon a stable trilateral relationship between Japan, the

\textsuperscript{41} Ibid p 32.
\textsuperscript{42} China was considered as a threat in 1960s. During that time Japan provided logistic support for the US forces and bases for deployment
\textsuperscript{43} Interview with Prof. T. Shinoda, IUJ Research Institute, IUJ Niigata. 22 October 2001.
US, and China. The stability of this relationship is widely based on the strength and durability of the US-Japan security ties. So the US-Japan alliance serves as a framework for deterring potential common threats. In addition, Russia is still an important military power in the region and its conflict with Japan over the Japanese occupied islands has not yet been resolved. According to these assumptions, the US-Japan alliance is not expected to lose its importance for regional stability, even after the ARF becomes an effective cooperation security system. The alliance also provides Japan with US deterrence through the nuclear umbrella.

All these factors and perceptions represent incentives for both nations to maintain and sustain their alliance relations and, at the same time, enhance their cooperation in non-military issue areas, particularly in economic and trade issues.

3. Preventing Japan's Remilitarism: The strength of the alliance is vital to prevent Japan from becoming a major military power, since Japan has advanced technology and economic strength which enables it to become a great military power. Many countries in the Asia-Pacific region share the understanding that the US-Japan alliance serves as an insurance policy against the possibility of a revival in Japan's militarism. In this context, the future of "free rider" issue is still uncertain. During the Cold War, Japan was criticized because of low defense budget proportionate to its GNP. Japan responded through increasing its defense budget and, as a result, the Japanese defense expenditure has become the third biggest budget in the world. If the US determines that the increase in Japanese military power could threaten the

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balance of power in the region, then it would not press Japan to increase its forces. Nevertheless, if the US withdraws its forces from East Asia, it is possible that Japan will try to increase its military capabilities.

Therefore, the alliance promotes regional stability through reducing concerns about the survival of Japanese militarism or any armament race. This, in turn, gives Japan flexibility to deal with its neighbors and assert strategy of trade and economic growth.

4. The Alliance as a Regional Stability Power (Regional Roles)

After the Cold War, security environment in the Asia Pacific region is still uncertain. Despite the spread of peace among major powers in the region, the overall situation is unstable. To address security in the Asia Pacific region, some regional states have started to make important endeavors to maintain stability. Among these endeavors is the ARF. Indeed, there are many possible sources of instability such as North Korea, Taiwan and many unsolved territorial disputes. Therefore, the Asia Pacific region needs a more stabilizing framework that can prevent possible sources of instability from causing military conflicts. Many regional states share the view that the US-Japan security alliance is important as a regional stability power, but it does not mean that it is the only possible framework. On the contrary, there is a growing need to rearrange security setup to include all regional states on equal bases. Therefore, in a world of uncertainty, both countries may adapt their alliance to meet changing security facts. The alliance may provide states in the

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47 There are more than 20 unsolved territorial disputes in the Asia Pacific region.
international order with critical time gains by enabling them to routinize certain
security transactions or bargainings and to respond in due time to crises that affect
their mutual security.

The institutionalized security arrangements, including direct communications
between officials in both governments, perform important functions, such as
providing information and reducing the costs of bargaining, that enable both states to
respond promptly to conflicts that might affect their mutual security interests such as
trade frictions or territorial conflicts.

In an unstable security environment, the alliance remains important for both
countries because of the risk-sharing gains it provides. For instance, because the U.S.
and Japan still regard Russia, China and North Korea as potential threats and
unstable factors in the Far East, the alliance remains significant for both countries
as a regional stabilizing power. It is increasingly important for Japan because threats
to Japanese national security after the Cold War are even more diffused. Abrogation
of the alliance could lead to power vacuum in the region. Thus, in light of these
complex situations, the alliance provides a political framework to consult about
important regional problems.

Another important aspect in this context is that the alliance reduces the risks
of any armed confrontation with China and North Korea because any conflict could
escalate into armed conflict with a nuclear superpower, as American troops stationed

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48 The US President George W. Bush has emphasized that the US consider North Korea as one of the
so-called "evil axis" beside Iraq and Iran. Unofficial statements indicate that the US still views China
and Russia as potential threats. See CO Weekly, Special Report, January 2, 2000, Vol. 58 No. 4, p118
in Japan serve as deterrence in any crisis. Taking into account the Japanese domestic constrains on the size and scope of Japan’s military, the alliance expands the credibility of Japanese deterrent capabilities, thereby rendering a politically difficult choice of offensive and nuclear weapons unnecessary.

For the US, the alliance is also very important as a regional stabilizing power because the US is the only power that has military presence in the region while its withdrawal from Philippines bases has increased the significance of its presence to sustain national interests and to maintain regional stability. The regional stability is essential for American economic interests since the US trade with the Pacific region exceeds its trade with European countries (by one-third) and the financial flows from the region are very important to the US economy. Therefore, the alliance provides the US with a greater influence in the region and East Asian countries that view the US as a counterweight to Japanese economic power; thereby granting sometimes major contracts to American firms in order to maintain the American influence and interests in the region.

5. The Alliance as a Political Framework for Interstate Cooperation

One of the most important functions of the alliance in the post-Cold War era is that it serves as a political framework for cooperation, not only in military or security issues, but also in nonmilitary issue areas. With the new changes in the international arena, this role is important in moderating a search for relative gains on both sides, and in promoting both international and bilateral cooperation in a post-hegemonic

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49 More statistics on Trade Exchanges between Industrial Countries see Karen Holgerson, pp. 197-205.
era. In an emerging multipolar system, the alliance may assume increased importance as a political instrument for maintaining and enhancing interstate cooperation.\(^\text{50}\)

6. Burdensharing Role: Japan’s financial contributions are important for the U.S. military operations especially after increasing American involvement in regional conflicts. Within burdensharing framework, Japan has contributed remarkably to U.S. military operations overseas, as in the Gulf War of 1990-91 and recently in Afghanistan. Japanese financial contribution takes several forms: participating directly in costs or/and providing financial support to the United State’s allies involved. Hence, Japanese participation in burdensharing is still imperative for the U.S. global hegemony. Likewise, the technological cooperation with Japan is important for the maintaining U.S. interests and military superiority.

To sum up, with the maintenance of the alliance in the absence of a common threat, both countries will continue their endeavors to resolve their high and low political conflicts including territorial, trade and economic frictions. The alliance will be likely to continue to promote trust and stability in the U.S.-Japan relations. Japan will continue to value how the alliance moderates the U.S. responses to economic competition between the two countries. In turn, the U.S. will continue to value the alliance for facilitating Japanese trade concessions and containing potential Japanese power.

\(^{50}\) The Defense Agency, White Paper, 1995, p. 66-67
The U.S. alliance with Japan helps prevent the emergence of a new military rival or competitor by discouraging Japan from choosing to become a nuclear-armed power with offensive capabilities that would challenge or threaten the US interests.\textsuperscript{51} Therefore, the alliance allows the US to maintain its military advantage while Japan benefits from focusing on economic affairs. Moreover, the alliance encourages both sides to take into consideration their mutual interests in international regimes and security issues in areas outside the scope of the alliance. All these roles the alliance may perform involve various costs both countries have to consider and bear. Figure (6) shows the roles both allies attach to their alliance in the post-Cold War era.

5.4. Costs of the U.S.-Japan Alliance Relations

Maintenance of the alliance with the US remains the most possible and viable alternative for Japan. At the same time, Japan could participate in the collective security system under the UN while it maintains its alliance with the US. Other alternatives could undermine the security and economic benefits Japan derived from its alliance with the US. That is why Japanese policy intends to strengthen the alliance, at least to discourage the US from defecting, or adopting an isolationist policy, or even establishing any trading-bloc strategy. Nevertheless, the emergence of Japan as a great economic power in the late 1970s has changed the nature of the alliance. Japan is becoming increasingly more self-confident and capable of
providing for its security needs, while U.S. economy has grown more dependent on Japan’s economy. All these changes create stresses within the alliance, as both states adjust to a more equal relationship.52

Neorealists on both sides have criticized the costs of maintaining the alliance, but they ignore the risks of abrogating it. For the US, the costs include giving Japan relatively open access to American markets. For Japan, the costs include deferring to U.S. foreign policy goals on the expenses of its international status. Japan is also more vulnerable to U.S. trade pressure because of the alliance relationship. These are some costs that could undermine the alliance if not resolved. However, repeated polls shows that although some revolutionists in the U.S. and Japan desire the abrogation of the alliance, both still view each other positively. This analysis shows that the mutual perceptions of the nature of threats are different from those of the Cold War period.

5.5. Major Stresses in U.S.-Japan Alliance Relations

Since the end of the Cold War, many events have taken place in US-Japan alliance relations and in international politics in general. The trade frictions, particularly in the 1990s, the Gulf War, Japan’s economic crisis, and the dispatching of JSDFs to support the U.S. in its war on Afghanistan have important impacts on the US-Japan relations. Japan seeks a more effective role in international affairs commensurate to

its status as a main economic power. Moreover, the Japanese dissatisfaction over an equitable division in decision-sharing in the bilateral relations with the US can be viewed as a result of U.S. dissatisfaction over an equitable distribution of burdensharing costs and roles, both of which—if not managed—could weaken or even undermine the alliance. Therefore, the key challenge to the US-Japan alliance is not only how to deal with bilateral economic and trade issues, but also how to transform the alliance into a relationship in which burdensharing and powersharing are equitably distributed between them. In this context, there are various issues that may represent stresses in U.S.-Japan alliance and, therefore, they need to be addressed, resolved and mitigated.

5.5.1. Economic Stress

After the end of the Second World War, the US attempted to contain Japanese military and economic power to the extent that it might never again threaten U.S. interests. With the advent of the Cold War, the US policy towards Japan shifted from containing a defeated enemy to transforming it into its principal ally. However, the US was ambivalent about Japan once again becoming a major military power. The US strategy therefore, kept Japan a semi-sovereignty state in security and defense affairs, which dovetailed with the Yoshida doctrine of entrusting primary responsibility to the U.S. for Japan’s security while concentrating on economic reconstruction. Regardless of its fears, the U.S. offered Japan a significant access

53 It should be noticed that costs may be distributed asymmetrically or unevenly among the actors in interdependence relations.
55 Refer to the Yoshida Doctrine.
to its market and technology, promoted Japanese membership in international economic organizations, and tolerated "unfair" Japanese trade practices, which--according to Americans--affected the U.S. products and corporations.

By the early 1970s, after Japan had become an economic power, realist Americans started to question the fairness of their relationship with Japan. At the end of the 1980s, Japan became an economic superpower while the U.S. economy started to decline and the trade imbalance, which was in favor of Japan, reached high rates. Then, neorealists question the rise of Japanese power and the bilateral relationship in the future. The U.S. policy became more concerned with Japanese military and economic power, as advanced weapons systems of the U.S. became increasingly dependent upon Japanese technology. But by the end of the 1990s, the U.S. economy achieved unprecedented prosperity and economic expansion while Japan's economy experienced serious economic recessions. Economic frictions have also been moderated, as bilateral trade imbalances have remarkably decreased.

In spite of all these concerns, this study shows how relative gains concerns remain muted in U.S. policy toward Japan. The failure of relative gains concerns has been due to constraints neorealists would expect: (1) the opposition of economic sectors and corporations, which benefit from the U.S.-Japan trading relations countering the influence of economic sectors, harmed by the trade relationship; (2) the opposition of alliance officials, who intervene in conflicts threatening the alliance; (3) the constraining influence of international institutions, such as WTO, and the alliance on American foreign policy; and (4) the free-market principles have also been important.
The main source of economic friction stemmed more from absolute gains concerns and domestic politics. In this context, the US has emphasized strengthening competitive interdependence through giving American corporations reciprocal access to the Japanese market. Through bilateral initiatives, such as SII and Framework Talks, the US has attempted to reduce tariff and non-tariff barriers and gain reciprocal access to the Japanese economy in sectors where the US companies were loosing competitiveness. Although both countries benefited from mutual relative gains, the economic frictions have posed a real threat to the alliance if not resolved.

Although the trade imbalance reduced remarkably after the current Asian crisis, the structural problem still persist and trade imbalances may rise again. Therefore, according to the neorealist American point of view, if Japan wants to assume a leadership role in the international economic order, it needs to reconstruct its economy and conduct structural adjustments. Although the financial crisis in Japan stimulates Japanese government to rethink seriously about its financial sector, it is still politically difficult for the Japanese government to proceed reconstructing its overall economy. However, the current liberal trade system, which may need to be reformed, and the flexible access of Japanese products to the US market may provide strong incentives for reconstruction—which already started with Koizumi’s Premiership.

For the US, the alternatives are even more difficult. The US needs to reduce national deficit, which was remarkably reduced during Clinton Administration,
increase domestic investments and promote competitiveness of American firms in order to increase exports and pay for its accumulated foreign debt. The end of the Cold War provides the US with a good opportunity to focus more on reconstructing its economy and, consequently, the American economy managed to achieve unprecedented prosperity at the end of the 1990s.

However, until both sides are willing to undertake a major reconstructing of their economies, they will resort to sectoral protectionism. In this context, the alliance can still be a political framework for interstate cooperation to resolve economic and trade issues.

5.5.2. Burdensharing Stress

In general, the US is dissatisfied because Japan enjoys what they call, “security free ride”.56 Japan is said to have enjoyed economic gains from international collective goods provided by the US, but it did not pay its fair share in the costs commensurate to the benefits it derived from the international system.

The difference between security costs paid by the US and economic benefits Japan derived, resulted in trade conflict and the US accused Japan of enjoying a security free ride. From this point, the burdensharing friction has arisen. However, it should be indicated that there are limits to increase the Japanese share of the costs, particularly after its economic decline. For example, it is difficult for Japan to import expensive American weapons systems. On the other hand, the strength of Japanese

military power would arouse the suspicions of neighboring countries and might undermine the regional stability in the Asia Pacific region. In addition to this, the end of the Cold War, the value of foreign aid to countries such as Egypt, Pakistan and Turkey, previously seen as one way of increasing Japan’s burdensharing costs, is declining.57

Another strategy would entail an enlargement of Japan’s military role. One possibility was to revise the geographic scope or obligations of the present Security Treaty, which was done through the 1997 Security Guidelines. This involves replacing unilateral commitments of alliance with bilateral commitments, which would obligate Japan to assist the US in any crisis, and extend the scope of the treaty to include the whole pacific region.58

If the alliance is regarded as the framework for a global partnership and not only as a regional security institution, then the equitable burdensharing between the U.S. and Japan in costs and roles might prove more effective.

5.5.3. International Order Stress

It is still unclear whether the U.S. will accept full partnership with Japan including a mutual division of roles in the international order. For example, during the Gulf War, the US did not inform Japan about the war plan and did not show the significance of the Japanese contribution in the costs of the war. This posed Japanese resentment against the US and gave rise to the problem of balance between its (Japan) financial

57 For details on Japan’s economic and financial aids to developing countries see Ministry of Foreign Affairs, Japan’s Official Development Assistance Annual Report 1999, Tokyo: Association for Promotion of International Cooperation, 2000.
58 See the 1997 Guidelines.
contribution and economic power, on one hand, and its role in international relations, on the other. 59

Such a neorealist position may increase Japanese hostile tendency to the US, not only among Japanese people but also within the Japanese elites themselves, unless a global partnership policy is adopted with equal division of responsibilities in the international order. Although the US often encourages Japan to play a more effective role in the world politics, it, however, wants this role to be performed within the context of the alliance and under the U.S. strategy, in order to avoid provoking fears among other nations and to discourage a shift in Japan’s domestic debate on international burdensharing to militarism or neutrality. This trend of encouraging Japan’s role was evident in the U.S. demand to send JSDFs overseas for the first time since the end of the World War II. Although conditions under which the dispatching decision was taken were unique, as the U.S. was under attack, it is however regarded as a shift in Japan’s foreign policy.

5.5.4. Hegemony or Partnership

Although there are strong incentives for Japan to maintain its partnership with the US, Japan-- due to its economic power-- searches for equitable status in the international order. This search critically depends upon the US willingness to undertake an equitable international division of labor with Japan and this, in turn, requires Japan to increase its international responsibilities in burdensharing. In the

light of economic and political changes encouraging them, both countries needs to strengthen relations not only in security issues, but also in economic, technological and scientific cooperation in order to achieve an equitable international partnership. If this strategy succeeds, then the US-Japan alliance relations will develop positively and this will therefore facilitate the redistribution of power between the two nations without the fear of any hegemonic conflict. Moreover, the security alliance as a political framework contributes to achieve security and stability in the Pacific region.

All these conditions indicate that Japan cannot be contained, but instead it could be coopted into a global partnership not only with the US and the European Union, but also with other regional states such as China, Russia and the Asean. The success of such partnership depends on (1) how both nations can resolve their trade and economic conflicts and (2) Japan’s contributions to the maintenance of international order. In this context, the security alliance can play a significant role in resolving bilateral frictions and redistributing power between the two states, which should be according not only to military capabilities, but also economic strength. The outcome will have many impacts on the nature of the international system and IR in general in the 21st century.

5.5.5. Leadership Stress

Although there are several obstacles facing Japan to assume a leadership role in international order, Japan has already departed from its traditional position to

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become more effective in many arenas, especially in the Asian arena. However, it seems that Japan's leaders are still committed to the continuation of strategic American leadership. The Gulf War showed this fact. Japan was not able to obtain domestic agreement, even to send its prime minister to the Gulf before the war. The problem was recently solved when the Japanese government succeeded in obtaining the Diet interpretation of Article 9 of the Constitution.

Although Japan seems to be sometimes chafing under the US leadership and would adopt different positions if left alone, however it supports the US position and participates in financing the US wars in the Gulf and Afghanistan. Nevertheless, it is argued that there are some points on which Japan can say no to the US. But these points are limited to certain areas on political and economic spectrums. Yet, Japan is committed to maintain its alliance with the US, while the US enjoys the leadership role. Indeed, Japanese leaders welcome the US stresses for Japanese greater role as long as the guidelines are presented by the US.

On the other hand, there are still cultural and institutional obstacles preventing Japan from assuming the leadership role. These obstacles are "formidable." First, Japan lacks any "universal appeal ideology" and a sufficient military power. The latter can be remedied because of Japan's economic and technological potential to produce mass destructive weapons. Japan's defense

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expenditure is still one of the highest in the world. However, the former is not an easy task. Realists may ask: is it possible for Japan to make the current norms and rules of market economy its own rules, claiming that she can perform the leadership role better than the US? Answering positively, such a question was possible before the present Asian crisis. However, a fast recovery of Japan’s economy could again bring this assumption to the fore. This also depends upon other dimensions. For example, does Japan accept the demand for open markets? If yes, can Japan provide the alliance with collective goods in political and military shares?

In a world of uncertainty, it is very difficult to answer such questions. However, John Wilfield (2001) emphasizes that the domestic structural restrains embedded in bureaucratic and taxation systems, prevent the reconstruction of Japan’s structural system and restrict active Japanese global role. He argues that in order for Japan to aspire to leadership, it needs a long-run ‘turbulence’ in the world economy that could threaten Japan. Is the current crisis this “turbulence”? If Japan becomes more active at a unilateral level, it will not necessarily be the leader of world order.

Leadership is sometimes thrust on a state through upheavals and great wars. Hence, it is quite difficult to predict what Japan will become in a position of hegemony in the world economy similar to what the US assumed after the Second World War at the time when the economies of Japan and Europe were shattered.

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65 Bureaucratic politics or system indicates that the formulation of policy in a state is a function of the competition among opposing individuals who represent diverse governmental institutions. Coalitions and counter-coalitions typically form as a part of the process of bureaucratic politics.
Furthermore, the Japanese economic strength is not easily transformed into an economic hegemony, which is less than political and military superiority, especially after the current economic crisis. There are some other countries that have great financial resources such as Taiwan and South Korea, which can compete with Japan in many electronic industries. Germany is a great economic power, but the US is still the largest market and economic power in the world. So economic pluralism, not economic hegemony is in the cords.

It seems that the future will witness an enormous diffusion of power in various dimensions among nations, but not centralization of power. In this context, the adjustment of tensions and the cooperation among regional states on one hand and between Japan and the US on the other hand, will be essential for a smooth transformation to one of the most complex international systems in the 21st century.

5.5.6. Mutual Adjustments Stress

Economists argue that the US policy to maintain the dollar as a world currency allows the US to accumulate huge trade deficits. The large trade imbalance between the two nations before the present Asian crisis creates the issue of adjustment and who should adjust. Through bilateral and multilateral initiatives, the US attempts to encourage and sometimes force Japan to adjust. In some cases, this is attributed to the US inability to deal with its domestic economic problems. This is indeed an unstable situation, not only because Japan may prepared to accept the balance between economic interdependence and political sovereignty according to terms put
by the US, but also because of the mushrooming of the world monetary market, which is not dominated or controlled by governments.

Examining adjustment policies has another significant dimension: international actors such as multinational corporations, banks and insurance companies, pose huge and formidable political problems because they act and function outside the sovereignty of states. Then, even though both countries agree to mutual adjustments, it is not possible to expect that these actors will accept the bargaining or not. The mutual adjustments by the US and Japan may not peg the value of the yen or the dollar when the governments want that. But do the governments have political instruments to manage trade without bringing out liberal trade system at great costs? It is necessary here to take into account a realm within which bargainings between the US and Japan do not depend on a vast array of trading bargainings in the market or the setting of the rules of quotas in the world financial institutions such IMF, World Bank, etc.

In this context, another dimension emerges from time to time, which is closely linked to the domestic political situation. For example, a great economic power is not easily transformed into a political power through increasing voting shares in such institutions. One aspect of this situation is that increased Japan’s contributions without a concomitant increase in its authority within these institutions creates domestic political problems to Japanese leaders. But, however, the US is not willing to diminish its own power. On the other hand, there are other important actors in the region that express concerns over the tensions between the US and Japan because they do not want these tensions to reflect negatively upon them. For
that reason, the bilateral adjustments between the US and Japan have their implications for other developments in the region and for the evolution of both international political and economic systems. Thus, it is important to explore the implications of the U.S.-Japan alliance for multilateral/regional cooperation systems in the Asia-Pacific region.
CONCLUSION

The end of the Cold War left various expectations about the U.S.-Japan alliance relations, particularly with the emergence of unstable factors, which are widely expected to leave significant impacts on the future of the alliance in the 21st century. The preceding analysis demonstrates the importance of the U.S.-Japan alliance in promoting interstate cooperation in security and nonsecurity economic issues. Both allies attach value to the role the alliance performs in post-Cold War era. Among these roles are: (1) serving as a regional stability power; (2) increasing deterrent capabilities against common threat; (3) serving as a political framework for interstate cooperation in various issue areas; (4) preventing Japanese remilitarism; and (5) protecting the U.S. hegemony. Therefore, the analysis shows that the alliance will persist in the foreseeable future. However, there are some significant stresses that may affect the durability and maintenance of the alliance such as economic frictions and burdensharing stresses. Although regional states including Japan still prefer to depend upon bilateral ties with the U.S. to meet their security needs, it is expected that the U.S.-Japan alliance will be transformed into a multilateral cooperative system when both countries find that doing so will be favourable to their national interests. Consequently, it is important to examine the possibility of transforming the existing bilateral ties into a multilateral security cooperation that may include China, Republic of Korea, Asean and India, besides Japan, and the U.S. The following chapter is completely devoted to achieving this purpose.