

THE USES OF INSTITUTIONS

The U.S., Japan,
and Governance
in East Asia

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Introduction

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For half a century East Asian regional order has been built around the mutual strategic embrace of America and its Asian partners, most importantly Japan. The region has undergone dramatic transformations over the decades, marked by war, political upheaval, democratization, and economic boom and crisis. Yet the most basic reality of postwar East Asian order has stayed remarkably fixed and enduring—namely, the American-led system of bilateral security ties with Japan, South Korea, Taiwan, Australian, and countries in Southeast Asia. This “hub-and-spoke” security order today remains the single most important anchor for regional stability. Around it has grown a complex system of political and economic interdependencies. East Asian countries get protection, geopolitical predictability, and access to the American market, and the United States gets frontline strategic partners, geopolitical presence in the region, and (in recent years) capital to finance its deficits. Remarkably, the cold war ended and yet this basic pattern of institutional relations remains intact.

Increasingly scattered across the region are a patchwork of ad hoc security dialogues, multilateral forums, ministerial meetings, track two encounters and other mechanisms of regional engagement. China is rising in importance and is embarked on a surprisingly systematic foreign policy of engagement and reassurance. Leaders in the region are looking for wider and more inclusive multilateral mechanisms to manage increasingly complex political and economic challenges. Japan has slowly diversified its security contacts and is involved in an array of annual and ad hoc regional talks. South Korea has encouraged a multilateral approach to North Korea. The region appears as “ripe for multilateralism” as it appears “ripe for rivalry.” Security, economics, and politics seem to point

to a future regional order that goes well beyond the logic of “hub and spoke.”

This book explores the ways that institutions play a role—or fail to—in Japanese and American approaches to regional governance in East Asia. Over the last several decades scholars of international relations have elaborated and deepened their understanding of the ways that institutions operate in the global system. In various ways and in different settings, institutions can be tools of states, venues for dialogue and bargaining, expressions of political identity, and independent actors. We seek to turn this scholarly focus on the logic and dynamics of institutions to illuminate the logic of order within the East Asian region.

So the first purpose of this book is to seek insights into the multifaceted ways that institutions facilitate, constrain, and legitimate states and state actions. The classic insight about institutions in the scholarly literature is that they facilitate cooperation by reducing transaction costs and uncertainty. This book joins a growing literature on institutions that sees a wider variety of impulses that lead states to resort to and operate within international institutions—regional, global, economic, political, security, bilateral, and multilateral. The central focus, however, is on bilateral and multilateral regional institutions in which Japan and the United States play a role. The second purpose of the book is to look more closely at how Japan and the United States in particular use institutions. Do fundamentally distinct and divergent notions in Tokyo and Washington exist about the uses and limits of multilateral and bilateral institutions? This third purpose of this volume is to render collective judgments about the future direction of institutions of governance within the East Asia region. One aspect of this question is the changing balance between bilateralism and multilateralism. Another aspect relates to the changing role of the U.S.-Japan bilateral security relationship.

It is the argument of this book that institutions are deeply important for the functioning of the East Asian region—and the United States and Japan use institutions as tools in distinctive and important ways. The bilateral alliance system is a critical—and underappreciated—mechanism for the functioning of regional peace and stability. Multilateral institutions are weaker and fragmented but they also matter in shaping and directing the flow of politics and economics. Beyond this, Japan uses alliance bilateralism with the United States to realize its preferences in multilateral settings whereas the United States uses multilateralism to enhance its hub-and-spoke relationship guided by hierarchical and patron-client partnership.

In this introductory chapter, we do three things. In the first section we discuss the various ways that institutions matter in East Asia. In the next section we discuss the specific ways in which institutions are used as tools of American and Japanese regional goals—particularly bilateral alliance that is used for wider political and economic purposes. Finally, we preview the arguments of the chapters and relate them to the book’s more general conclusions.

East Asia and the Purposes of Institutions

East Asia would seem to be an inauspicious region to explore the role and significance of institutions. After all, it is conventionally seen as a region that is “underdeveloped” in terms of institutionalized political relationships. Western Europe provides the striking contrast. Europe has strong and dense layers of institutions—the European Union (EU) most importantly, and North Atlantic Treaty Organisation (NATO), the Organization for Security and Cooperation in Europe (OSCE), and the Council of Europe. The political movement for a new European constitution has faltered but the Europe Union remains a deeply integrated region with an expanding judicial, parliamentary, bureaucratic, and intergovernmental infrastructure. It is now commonplace to call Western Europe a zone of Kantian peace.¹ In contrast, East Asia is seen as “ripe for rivalry.”² No legal-binding regional-wide multilateral institutions exist. Deep historical antagonisms abound along with conflicting economic systems, divided and disputed territories, and rapidly shifting power relationships.³

It is certainly true that the institutions that span East Asia are less dense and less legal-binding than in Western Europe—but the region does have an array of intergovernmental institutions that help shape security, political, and economic relations in East Asia and tie the United States to it. Their presence is not as recognized as that of European institutions, but they do exist, they matter, and because they are employed by states in a region that is more heterogeneous and rapidly evolving, their significance and functions are more illusive and in need of explanation.

America’s relationship with East Asia is built on hard bilateral security ties and soft multilateral economic relations. Embedded in this relationship is a set of grand political bargains between the United States and the countries in the region. The U.S.-Japan alliance is the cornerstone of the security order, and the Asia-Pacific Economic Cooperation (APEC) forum and the transpacific trade and investment system are the cornerstone of the economic order. The hub-and-spoke alliance system has its roots in

the early cold war and in the failure of multilateral security arrangements that were intended to mirror the Atlantic security pact. The U.S.-Japan alliance was intended to deter the expansion of Soviet power and communism more generally in the Asia-Pacific. This cold war anticommunist goal led the United States to use its occupation of Japan and military victory in the Pacific to actively shape the region—and it did so more successfully in Northeast Asia than in Southeast Asia. Japan, in turn, has made the bilateral alliance with the United States as the cornerstone of its own postwar regional foreign policy.⁴

Ellis S. Krauss and T.J. Pempel have recently described the distinctive features of U.S.-Japan bilateralism. One hallmark of this bilateral relationship is that in core economic and security policy areas, the two countries share a common set of priorities and goals. Second, specific mechanisms and institutional channels exist for the negotiation and settlement of disputes that arise out of the relationship. Third, generally speaking, the various policy issues have not been linked in negotiations—in particular, economic and security issues are not mixed. This is true even though the U.S.-Japan alliance and the regional economy do support and reinforce each other. Finally, the bilateral relationship is by no means equal. The United States is the senior partner and has tended to set the limits and terms of the relationship.⁵ This bilateral relationship has remained remarkably durable—even as multilateral cooperative ventures have increasingly come to flourish in the Asia-Pacific region.

Stepping back from this mixed and evolving pattern of regional institutions, it is possible to identify a variety of ways in which institutions are being used. In general, institutions manifest themselves in three ways: Institutions are a place where binding rules are established; they are a forum; and they are a political space. Put differently, institutions tend to have three general purposes. First, they are a mechanism for states to gain some measure of control over other states through formal agreements. States use treaties, agreements, alliances, and other institutional mechanisms to generate some greater degree of certainty over the future actions of other states than would exist in the absence of the institutional pact. Second, institutions are mechanisms that facilitate functional cooperation—they allow states to more easily engage in collective action than would be possible in the absence of the institutions. Finally, institutions are agreements that establish boundaries of political community—who is in, who is out, and what it means to be in or out. In this sense, they are mechanisms that allow states to build, express, and delimit the terms and meaning of regionalism.⁶

We can expand on the various ways in which institutions matter. Institutions are sometimes shaped and inhabited by objectives of the leading members. Those preponderant members are often founding members like the Schengen Five of the European Economic Community (France, Germany, Belgium, the Netherlands, and Luxembourg).⁷ Institutions are thus sometimes agents of these founding members. But often they do not remain a mere agent of the founding states and core members. Rather their mission, their norms, and their rules are shared more or less by subsequently joined members. Institutions live their life not only on the basis of founding missions and fathers but also on the basis of succeeding members' socialization of norms and rules. Organizational socialization makes the continuity of an institution's mission and founder's influence much easier to preserve.⁸ Yet institution, in this sense, remain an agent of key states and not a principal. The United Nations is an institution in which founding members (the five permanent members of its Security Council (i.e., the United States, Russia, the United Kingdom, France, and China) exercise significant influence in the form of having a veto power in its Security Council. Surely the United Nations is not an agent of the five members. Rather the United Nations is an instrument of all the member states. The mandate of the United Nations comes from its member states.

Institutions are sometimes inhabited by constituents in which solidly shared norms and rules enable them to stand on their own feet. The institutions are self-standing; they are autonomous. They are a principal as contrasted to an agent of some member. The Law of the Sea Conference is an institution that is more or less autonomous. It represents its own norms and rules that are widely shared by most member states of the United Nations. Thus it constitutes part of the system of international law. A member of international institutions that focus on professional, specialized, and technical tasks often carry this feature. For example, the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Food and Agriculture Organization (WFAO) are such institutions.

In this book, we find institutions matter within East Asia in a variety of ways. One is the role of alliances in structuring the security environment. The U.S.-Japan alliance is the preeminent bilateral alliance in the region. As we note shortly, the United States has used its alliance partnerships—manifest as a hub-and-spoke system—to tie states together and reduce uncertainty and insecurity. This entails alliances doing what they traditionally do—namely, aggregate military power and provide security guarantees. But in doing this, the U.S.-Japan alliance and the

other bilateral pacts dampen security dilemmas that might otherwise reignite old enmities and suspicions.

The second role of institutions in the region involves providing a mechanism for political governance. This often happens indirectly. Institutions created for specific functional purposes have the added feature of providing mechanisms for cooperation and creating ongoing political dialogues that—taken together—form a sort of primitive governance system. As we argue in a while, the U.S.-Japan alliance and the other bilateral pacts play this role. Alliances are not just military assistance agreements—they are aspects of political architecture. They tie the states within the alliance together and create mechanisms for each to influence and constrain the others inside the alliance.

The third role of institutions in the region is the traditional use of institutions as a framework that facilitates functional cooperation. This is the classic understanding of international regimes—institutions that facilitate the flow of information and reduce the transaction costs that otherwise limit cooperation.⁹ The APEC grouping plays this role in a very soft and preliminary way—by providing a forum for the exchange of information and building political support for economic liberalization in the region.

The fourth role of institutions is to serve as a venue aimed at confidence building. The institution is a location in which government officials gather to discuss mutual problems and explore the preferences and intentions of other states. In the political area, for example, the United States has supported the expansion of wider and deeper institutional relations between China, Japan, Korea, the United States, and the ASEAN countries—at least as these contacts are manifest as “track two” exchanges. The United States has reaffirmed its commitment to bilateral security ties but it has offered some support for multilateral and minilateral dialogues that are consistent with these underlying security ties. Support for Chinese membership in the WTO and various regional dialogues are meant to provide ways to foster agreement on regional norms and standards of conduct. One argument made by American officials during the Clinton administration is that institutions should be arrayed so as to enmesh the regional powers in a series of regional and global institutions and serve to establish explicit standards and expectations of government behavior in the wide realms of human rights, political accountability, property rights and business law. Yard sticks are erected that, often in subtle and indirect ways, allow governments and private groups to support as well as criticize government policy and politics in neighboring countries. This in turn helps foster political community.

Likewise, an increasingly dense set of regional institutions provides forums and arenas for governmental and political elites to interact—thereby providing opportunities for the “socialization” of these elites into common regional norms and expectations.¹⁰

A final role of institutions is as a tool to build or strengthen the legitimacy of a country or regional grouping. Legitimacy refers to the perceived sense—domestically or abroad—of acceptability or normative worth associated with the state or group of states.¹¹ The international institution embodies a set of norms about the proper behavior of states that are part of the institution. Membership in the institution is a statement about the acceptability of that state within the larger grouping. It is part of the community—and as such it is legitimate.¹² We look more closely at these various uses of institutions in East Asia.

Bilateral Alliances and American Hegemony

The hub-and-spoke security system lies at the heart of the Asia-Pacific region. This alliance system is the most explicit way in which the United States has used institutional security ties to give shape and durability to its regional hegemonic role. The bilateral alliance is not just a cooperative scheme for mutual protection. It is an institution that has a much wider significance in providing political architecture for the region. The United States has engaged the international system by using a wide variety of institutional tools and political partnerships. But in East Asia, the bilateral security ties are preeminent.¹³

Behind this bilateral security arrangement is a political logic. The United States offered Japan, and the region more generally, a postwar bargain: it would provide Japan and other countries with security protection and access to American markets, technology, and supplies within an open world economy; in return, Japan and other countries in the region would become stable partners that would provide diplomatic, economic, and logistical support for the United States as it led the wider, American-centered anticommunist postwar order.

From the beginning, this bilateral security order has been intertwined with the evolution of regional economic relations. The United States facilitated Japanese economic reconstruction after the war and sought to create markets for Japanese exports, particularly after the closing of China in 1949. It promoted the import of Japanese goods into the United States during the 1950s so as to encourage Japanese postwar economic growth and political stability. The American military guarantee to its partners in East Asia (and Western Europe) provided a national security rationale

for Japanese and the Western democracies to open their markets. Free trade helped cement the alliance, and in turn the alliance helped settle economic disputes. In Asia, the export-oriented development strategies of Japan and the smaller Asian “tigers” depended on America’s willingness to accept the imports of these countries and to live with huge trade deficits; alliances with Japan, South Korea, and other Southeast Asian countries made this politically tolerable.

The alliance system—and the U.S.-Japan security pact in particular—has also played a wider stabilizing role in the region. The American alliance with Japan has solved Japan’s security problems, allowing it to forgo building up its military capabilities, thereby making it less threatening to its neighbors. This has served to solve or reduce the security dilemmas that would surface within the region if Japan were to rearm and become a more autonomous and unrestrained military power than it currently is. At the same time, the alliance makes American power more predictable than it would be if it were a free-standing superpower. This too reduces the instabilities and risk premiums that countries in the region would need to incur if they were to operate in a more traditional balance of power order. Even China has seen the virtues of the U.S.-Japan alliance. During the cold war, the alliance was at least partially welcome as a tool to balance Soviet power—an objective that China shared with the United States. Even today, however, as long as the alliance does not impinge on China’s other regional goals—most importantly, the reunification with Taiwan—it reduces the threat of a resurgent Japan.

The political bargain behind the East Asian regional hegemonic order was also aimed at making American power more predictable and user-friendly. If the United States worried about finding partners to help wage the cold war and build an American-centered world order, these partners worried about American power—both its domination and its abandonment. Thus the East Asian regional order was also about the restraint and commitment of American power.¹⁴ The United States agreed to operate within bilateral and multilateral frameworks and the junior partners agreed to operate within and support the American order. American hegemony became more open, predictable, reciprocal, and institutionalized—and therefore more benign and tolerable. But the United States was able to lock other countries into operating within a legitimate and U.S.-centered order.

Overall, there are three aspects of this regional hegemonic order that need emphasis in terms of the American uses of institutions. The first is the striking way in which the alliance system has played a more general

role as the basis of regional political architecture. Alliances are traditionally seen as mechanisms to aggregate power to counter external threats. But the American alliance system has arguably played a more important role in managing relations between allies than in shielding these countries from external threats. The alliances bind the United States to the other major democratic states providing both parties with reassurances about their future relations. The alliances serve both to extend American power and to make it more predictable and user-friendly. The alliances give the weaker states in the alliance “voice opportunities”—that is, they provide channels for regular access to the United States—that makes these states more likely to work with the United States than resist or work against it. The United States gains an institutionalized security presence in Europe and Asia. The stable and mutually agreeable security relations that emerge have also spillover effects in other realms—paving the way for deeper economic integration and political cooperation.

Second, the hub-and-spoke American security order has been crucial for the emergence of an open regional (and global) world economy. One of the striking developments in the global system over the last 50 years is the rise of a truly open global economy. This was not an automatic or inevitable outcome. The roots of it reside in the 1940s as the United States—along with Great Britain and a few other countries—made choices about the organization of markets and proceeded to put their power at the service of these goals. It is indeed difficult to imagine the rise of an open world economy without the parallel construction of a linked global security system. The pieces fit together: the United States provided security protection for European and East Asian states and underneath this security umbrella governments were encouraged to lower tariffs and pursue trade-oriented economic development strategies.¹⁵

Finally, the specific way in which American security relations were established in East Asia reflects the specific postwar power realities and array of countries in the region. The United States was less determined or successful in establishing a multilateral order in East Asia. Proposals were made for an East Asian version of NATO but security relations quickly took the shape of bilateral military pacts. Conditions did not favor Atlantic-style multilateralism: Europe has a set of roughly equal-sized states that could be brought together in a multilateral pact tied to the United States, while Japan largely stood alone.¹⁶ But another factor mattered as well: the United States was both more dominant in East Asia and wanted less out of the region. This meant that the United States found it less necessary to give up policy autonomy in exchange for institutional cooperation in Asia. In Europe, the United States had an elaborate

agenda of uniting European states, creating an institutional bulwark against communism, and supporting centrist democratic governments. These ambitious goals could not be realized simply by exercising brute power. To get what it wanted, it had to bargain with the Europeans and this meant agreeing to institutionally restrain and commit its power. In East Asia, the building of order around bilateral pacts with Japan, Korea, and other states was a more desirable strategy because multilateralism would have entailed more restraints on policy autonomy.

The logic of the hub-and-spoke system is clear. A multilateral security system in East Asia—if it had been possible despite unfavorable circumstances within the region—would have entailed a more far-reaching reduction in America's freedom of action. In choosing to abide by the rules and commitments of a multilateral security order, the United States would need to accept a reduction in its policy autonomy. But in exchange it expects other states to do the same. A multilateral bargain is attractive to a state if it concludes that the benefits that flow to it through the coordination of policies are greater than the costs of lost policy autonomy. In effect, the United States did not want as much from East Asian countries as it did from Western European countries. In Europe, the United States wanted a unified Europe and a close partner in the cold war. In the form of multilateral commitments it had to give more to European countries than to East Asia. In the Asia Pacific, it was far more hegemonic and wanted less of other states. The bilateral option was an attractive tool around which to build political bargains and regional order.

Japanese Approach to International Institutions

The Japanese approach to international relations is best characterized as bilateralism—regardless of the practice of bilateralism within an international institution. Japan does not give too much emphasis to formal international institutions. It is less inclined to accord significant weight to such international institutions as the European Union or the Association of Southeast Asian Nations (ASEAN). Several examples illustrate the Japanese pattern. The EU Ambassador in Tokyo is normally not given a similar rank as Ambassadors from the United Kingdom, France, or Germany to Tokyo. Those bureaucrats assigned to regular talks with ASEAN tend to be one notch or two lower in terms of their rank than that of those assigned to regular talks with the United States, China, Korea, or Indonesia. Japan normally asks visitors to show their national passport at customs when the UN passport is shown.

Ironically, the United States is one of the few countries that does the same as Japan with respect to the UN passport.

Several basic circumstances have reinforced Japan's preference for bilateralism: the cold war security structure; the legacy of the past of imperialism and defeat in war; diversity of economic development, and fear of being tied down by universal multilateral legal and institutional accord in conflict with domestic laws.¹⁷

The cold war security structure as it evolved in East Asia has been a major determining factor of Japan's bilateral orientation. It has originated from Japan's defeat in World War II and from the United States's successful designing of its alliance with Japan. Moreover, given the nonavailability of multilateral actors in East and Southeast Asia, who were compatible both with the United States and with Japan, it was inevitable that Japan went bilateral from the very beginning. This was a fundamental difference between East Asia and Western Europe. Western Europe started from the Schengen Five, a very homogeneous and like-minded set of countries determined not to allow another world war to emanate from the discord in Western Europe. East and Southeast Asia started from the disparate set of bilateral allies with the United States. In East Asia, Japan and Korea were mutually antagonistic and without normal diplomatic relationship until 1965.¹⁸ Japan and China did not have a normal diplomatic relationship until 1972 and did not conclude a peace treaty until 1978.¹⁹ In Southeast Asia, Japan normalized its diplomatic relationship one by one by settling war indemnities with a number of countries in the 1960s through 1970s. With Korea, China and Vietnam divided within itself and with the United States allying as the guardian with those pro-United States halves, the whole structure of alliance and trade was bilateral. Japan constituted the core of the United States bilateral alliance in East and Southeast Asia as the United States consolidated its military bases and other space for comprehensive services and enjoyed using them most freely in East and Southeast Asia. For Japan it has been like throwing all the eggs in one basket.²⁰

Historical legacies also helped shape Japan's bilateralism. Japan was the only country in Asia that was defeated by the Allied Powers in World War II. It was outside the United Nations. One of the key agendas of Japanese foreign policy since 1952 was to achieve reentry into the world community of nations. Japan's accession to the United Nations Educational, Scientific, and Cultural Organization, a slightly less political organization, was made in 1951, followed by accession to the UN itself in 1956. In the long process of seeking reentry into the global community, Japan emphasized its role in providing economic assistance and

support for regional development. In doing so, Japan used bilateral assistance as a leading tool.

When East and Southeast Asia's economies took off in the 1980s, Japan envisaged a leading role for itself in East and Southeast Asia. But the first hindrance to doing so was the legacy of the past. The idea of Japan leading the pack in Asia encountered opposition at home and abroad. In other words, any multilateral institutions in Asia must be a truncated organization at its head. Otherwise nothing would get started. Furthermore, most countries in East and Southeast Asia did not want their hard-won independence and state sovereignty infringed and jeopardized in any way by universalistic multilateral institutions. Thus what Japan did was to ask its friends to call for an institution with Japan's financing role assured. They were Australia in the case of the Asia-Pacific Economic Cooperation conference, Singapore in the case of the Asia-Europe Meeting, Malaysia in the case of the East Asian Economic Caucus, Indonesia in the case of the ASEAN Regional Forum. Even when Japan tried to do something within the framework of existing organizations like the United Nations peace keeping operations in Asia, Japan needed China's nonuse of veto in the United Nations Security Council. Only in 1993 was Japan able to send its UNPKO troops in Cambodia, the first such instance in Asia. It was followed by sending its troops to East Timor in 1999 and Iraq in 2003.

A third source of Japan's emphasis on bilateralism is its fear of international legal and institutional constraints. Multilateral agreements tend to have pitfalls as seen by Japanese leaders. The ordeals of extraterritoriality and the lack of tariff autonomy that were imposed on Japan by treaties concluded in 1854 and 1861, respectively, and warned Japanese leaders to be very careful about international accord. Once an accord is concluded with one Western power, then a similar accord is to be concluded by other Western powers. The fact that the early experiences led Japan to be generally very cautious about giving commitments to international accord can be easily seen in, say, United Nations Human Rights Committee meetings in Geneva where the Japanese delegation intermittently requests a one- or two-hour break when it must reveal its preference about a specific expression in a draft accord, during which it seeks instructions from Tokyo. It is not just the general lack of delegation of responsibility for an ambassador to make a judgment; it also reflects the now routinized fear of being bound unnecessarily even by violating or contradicting domestic laws that have been existing since as early as the 1890s. It is not uncommon that domestic law is made superior to international law in some countries. But Japan gives extraordinary attention

to efforts to check whether a draft agreement under discussion is in contradiction with any one law of Japan legislated in the Imperial Parliament (1890–1945) and later in the National Diet (1946–present). Japan's position on human rights in United Nations Human Rights Committee exemplifies it. Japan's fear of being bound by international law can be compared to the United States's frequent reluctance to ratify international agreements. The United States does not want to get entangled by international agreements.

The often excessive fear of being bound by international accords was reduced by the increasing use of multilateralism. Once multilateral institutions are born, bilateral talks are bound to increase as multilateral meetings give facile opportunities for bilateral talks. The frequency of summit meetings by Japanese prime ministers and foreign ministers for the past five decades indicates very clearly the almost logarithmic function of increase. Multilateral bilateralism flourishes. For a year Prime Minister Eisaku Sato did not meet any prime minister or president in the 1960s. Prime Minister Junichiro Koizumi met at least three dozens of prime ministers and presidents a year. ASEAN, APEC, ASEAN Regional Forum, Asia-Europe Meeting, Six Party Talks on North Korea, Group of Eight meetings, etc. keep coming up with heavy lead-ups and no less heavy follow-ups. As multilateral bilateralism flourishes, bilateralism and multilateralism tend to converge. When bilateral talks are held, the agenda often includes multilateral agendas. When multilateral talks are held, the agenda often touches on bilateral agendas as well. In so doing Japan has started to change its role from a rule-taker to a rule-maker. Its fledgling and vigorous attempts include those at the WTO and at the Conference on Disarmament. As one of the largest patent registering countries in the world, Japan has become very careful and tenacious in guarding intellectual property rights in the process of how to settle conflict of interests using the framework of the WTO. As one of the most antimilitarist countries in the world, Japan has become very vigorous and ingenuous in crafting a support for various disarmament resolutions in the Conference on Disarmament as well as relevant committees/conferences in the United Nations. Japan chaired meetings on small arms and light weapons, Comprehensive Test Ban Treaty, biological and chemical weapons, banishment of nuclear weapons quite successfully, even bringing the United States into the camp of abstainers, not opposing Japan-drafted resolutions head-on, unlike such resolutions in the recent past.

In these various ways, Japanese uses of institutions—and its emphasis on bilateralism—reflect pragmatic choices and historical legacies. But

the regional security and economic environment in which Japan makes foreign policy is changing, and so too are the mix of institutions that it uses. The stagnation of the Japanese economy, combined with the globalization of capital markets and the economic rise of China are creating incentives for Japan to work within regional multilateral settings. The risks associated with continued security dependence on the United States also create incentives for Japan to rethink about its long-term security in regional terms. As we have seen, states turn to institutions for a variety of purposes—and the rapid shifts in East Asia ensure that the institutional tools that states employ will continue to evolve.

Logics of Institutions

The first two chapters in this volume expand on the logic of American and Japanese uses of institutions in East Asia. Michael Mastanduno argues that the United States takes a pragmatic rather than a principled approach to international institutions. That is, it relies on “what works” rather than be committed primarily to multilateralism, bilateralism, or unilateralism. Mastanduno goes on to show that “what works” has varied over time—during the cold war and in the post-cold war era—and across issue areas—economic and security. As such, Washington manifests no deep preference for a particular style or principle of institutions.

In confronting the East Asian security environment during the cold war, the United States had two goals—to shore up regimes against internal communist subversion and deal with worries in the region about resurgent Japanese militarism. This meant that the multilateral, collective approach adopted in Europe was less appropriate than the institutionalization of a series of bilateral security pacts. With the end of the cold war, this hub-and-spoke system continues to be useful to Washington as a way of preventing the rise of balancing coalitions by dividing and separating potential adversaries. Yet in confronting more specific security challenges, such as the North Korean nuclear issue, the United States seeks regional cooperation through more ad hoc multilateral mechanisms. This dual institutional approach appears to be an effective American hegemonic strategy. By keeping multilateral security dialogues informal and ad hoc, they do not challenge the bilateral array of security pacts that establish America’s authority and prominence in the region. At the same time, the informal multilateral mechanisms serve to soften the hard face of American hegemony.

Mastanduno argues that in economic affairs, the United States tends to emphasize the importance of cooperation through multilateral

institutions, such as the GATT (General Agreement on Tariffs and Trade), the IMF, and the WTO (World Trade Organization). Behind this approach is an American commitment to an open world economy that serves its own long-term economic interests. This emphasis on economic openness was seen in America's initial postwar efforts to open Japan and integrate it into the political economy of the Western system. It was also seen in the efforts by the United States in recent decades to undercut initiatives for narrow and exclusive regional groupings. At the same time, Mastanduno notes that the United States does adopt bilateral strategies of negotiation when specific trade or investment issues are at stake—and when the United States can use its economic muscle to get favorable outcomes. This was especially the case when Washington attempted to open up the Japanese economy during the 1980s and 1990s.

Taken together, Mastanduno demonstrates that America uses institutions—formal or ad hoc, bilateral, or multilateral—primarily as a means to expand its influence while maintaining its capacity for autonomy. Institutions are integral to the maintenance of American hegemony in East Asia. They allow the United States to translate its power advantages in the region into institutionalized partnerships that provide ongoing political influence and control. These institutions allow other states enough predictability and confidence in American policy toward the region so as to make the mixed system of bilateral security pacts and multilateral economic relations more tolerable than the alternatives.

Takashi Inoguchi examines Japan's preferences for bilateral over multilateral institutional approaches to world politics. He locates the origins of Japanese bilateralism within its experience of opening to the West in the nineteenth century. Western powers forced Japan to acquiesce to their demands through bilateral negotiations. The character of U.S. Japanese relations during the cold war further reinforced Japan's tendency for bilateralism. As such, even in multilateral settings, Japan would often follow America's policy lead. Inoguchi calls this bilaterally shaped approach to multilateral cooperation "bilaterally networked multilateralism." In fact, Japan often manages its multilateral diplomacy by disaggregating it into a set of related bilateral relationships.

In recent years, Inoguchi argues, Japan has faced increasing pressure to become more capable of operating in multilateral settings. This is partly due to the increasing globalization of the world economy as well as the growing density of regional arrangements. Yet even in these new circumstances, Inoguchi suggests that for Japan to be able to exercise more freedom and voice in multilateral settings, it has to demonstrate its loyalty to the United States. Inoguchi also argues that Japan's long-standing

preference for bilateralism tends to make it more of a rule-follower than a rule-maker. This means that Japan usually does not initiate the formulation of new rules and missions in multilateral gatherings. Instead, it focuses on, and may have a comparative advantage in, the implementation of rules and missions established by others.

Institutions and Political Control

When Japan and the United States create or operate within East Asian institutions—bilateral or multilateral—the overriding goal is to gain some measure of political control over the actions of other states. To do so entails giving up some degree of political autonomy. All governments, of course, would prefer to retain their freedom of action—and so the ceding of political autonomy manifest in binding institutional agreements will be only reluctantly done. The questions all governments ask is: How much political control is it possible to get over other states and what is the price it will cost in reduced political autonomy? Is the trade off worth it? What institutional strategies will get the most political control with the least loss in political autonomy? The chapters in this section explore the specific ways in which institutions—particularly alliance institutions—are used as tools of political control.

In the post-cold war period, Japan has woven itself into a web of regional security institutions. Kawasaki argues that Japan's strategy is to layer and rely on three types of institutions—defense policy planning, political coordinating institutions, and confidence building institutions. While each type of institution has distinctive functions, these functions are mutually compatible, even though they have no formal linkage with one another. The key insight that emerges from this chapter is that the Japanese have used multilateral institutions to supplement and protect the “core” bilateral security alliance. These other multilateral institutions take pressure off the alliance and allow Japan to accomplish other objectives without calling upon the security alliance.

The clear implication of Kawasaki's argument is that Japan is much more innovative in its foreign policy than what other scholars suggest. Japan is not a simple “reactive state.”²¹ It is adapting to its environment and using institutions in instrumental ways. At the same time, Kawasaki takes issue with others who argue that Japan is slowly seeking to replace the bilateral alliance with regional security arrangements as a hedging process by Japan to protect itself against abandonment. Multilateralism is a supplement, not a substitute, for bilateral ties.

The chapter by Victor Cha is even more explicit in its conception of alliance institutions as mechanisms of political control. He terms this a “powerplay” approach to institutions. Cha poses the basic puzzle: why has security multilateralism emerged in Europe while bilateralism reigns in Asia? The answer related to the specific ways that the United States found most cost-effective to maintain political control of its junior partners. To establish his position, Cha asserts that alliances—and hence institutions—are instruments that allow states within them some leverage over other states in the alliance. Just as institutions and alliances permit weaker actors to constrain stronger ones, they also allow stronger actors to shape the behavior of their weaker partners. As such, when strong actors have a strong incentive to shape the actions and long-term direction of its weaker partners, they maximize leverage by choosing to institutionalize bilateral relationships. Multilateral security pacts, Cha argues, tend to favor weaker actors because of the great restraints they place on the leading state and the “voice” opportunities they give subordinate states.

Accordingly, Cha argues that the United States formed alliances to defend against the Soviet threat, but an important rationale for the alliances in Asia was to constrain the ally from adventuristic behavior that could entrap the United States in a larger war. East Asia security bilateralism today is, therefore, a historical artifact of American rationales for constructing alliance networks in Asia. Because restraint of the ally was best exercised bilaterally, there was no compelling need to expand alliances in Asia to a larger multilateral framework. Cha argues that forming a multilateral framework in Asia would not have increased U.S. control; instead it would have increased fears of entrapment because of the possibility of Taiwan and Korean collusion to carry out joint revisionist agendas.

In looking at the U.S.-Japan alliance and the U.S.-Korea alliance as institutions, Koji Murata explores the trade-off between strong and weak institutionalization of alliance commitments. Murata argues that the U.S.-Japan alliance is an underinstitutionalized relationship in contrast to the U.S.-Korea and NATO alliances. This is in part because Japanese fear of alliance entrapment is a central aspect of the Tokyo-Washington relationship. Because of this underinstitutionalization, the U.S.-Japan relationship demonstrates a high degree of flexibility that permits both sides to adjust commitments to skirt around sensitive issues in both domestic and regional politics. However, it also means that there is no clear plan of action should a crisis erupt in places such as North Korea or Taiwan.

Murata argues that the design of the U.S.-Korean alliance, on the other hand, resolves around the threat of a North Korean invasion and South Korea's fear of U.S. abandonment. As such, Murata sees the U.S.-Korean alliance as highly institutionalized on various levels. This means that the U.S.-Korean alliance is extremely prepared to deal with specific contingencies, largely dealing with North Korea, but has little flexibility in serving American and Korean interests beyond the stated goals of the alliance. Such a situation may be problematic for both parties as they face an evolving strategic situation that lies outside the immediate purview of the alliance agreement.

Beyond these differences, the division of labor that an alliance creates and the subsequent evolution of these alliances also indicate that institutions can "lock in" particular hierarchical relationships. Despite the end of the U.S. occupation and the return of sovereignty to Japan, the United States still decisively sets the terms of Japan's national defense through both the constitution and the alliance framework. Likewise, Washington is able to shape the terms of South Korea's national defense through its ability to define the nature of its alliance commitment. As a result, as Murata suggests, even though both Seoul and Tokyo are able to take a free ride on the U.S. security commitment, they do so as junior partners subject to decision making in Washington.

The Limits of Institutions

Institutions are not simply tools of political control—they are also mechanisms that facilitate cooperation. The final chapters in this volume look at the sources and limits of institutional cooperation.

In comparing the American and Japanese experiences with the United Nations, Fukushima argues that the institution provides a forum through which governments can legitimate behaviour to both international and domestic audiences. After all, despite severe differences with the United Nations and many of its most important members, the United States nonetheless sought UN resolutions to legitimate its actions in postinvasion Iraq. Likewise, even though the United States did not receive UN endorsement for its 2003 invasion of Iraq, it continues to cite previous UN resolutions against Iraq as the legal basis for its behavior.

Japan, on the other hand, uses the United Nations to legitimate its participation in the international community due to its legacies of defeat and aggression during World War II. First, participation in the international community through the United Nations during the cold war permitted

Tokyo to build ties with governments in the third and second worlds while maintaining its close relationship with Washington. Second, participation in UN-sponsored aid and peacekeeping missions allows Japan to legitimize its attempts to become a more “normal country.” Being part of UN missions permits Japan to expand and exert its influence over areas of the world where its interests lie—such as in the Middle East and Asia—without sparking the ire of its neighbors and World War II adversaries.

Third, participation in the United Nations facilitated the legitimation of the U.S.-Japan security relationship in Japanese domestic politics, especially during the cold war. As such, the United Nations provided the common ground for logrolling between the left and right. Here, the bilateral relationship with the United States substituted for the United Nations until the latter could take the role of a world government. This allowed the Japanese right to pursue strong security ties with Washington. At the same time, the Japanese left could claim that it was working toward the creation of a more pacific world for a peaceful Japan.

Apart from legitimation, Fukushima’s chapter also suggests the institutions can be a medium that allows for the promulgation of particular values. For instance, she points out that the United States initially hoped to use the United Nations to propagate its values and beliefs. Likewise, as the Soviet Union gained influence over the General Assembly through its courting of new members, Moscow was able to block American initiatives, if not push through some of its own to Washington’s chagrin.

Finally, Fukushima’s discussion also suggests two potential areas of weakness in institutions such as the United Nations. First, it is unable to restrain great powers. After all, the piece provides several examples of the United States circumventing, and even undermining the United Nations, when it found little support within the organization. Second, institutions are susceptible to capture by different groups. This means that institutions may end up developing in directions different from its founding purpose. Fukushima illustrates this by demonstrating the increasingly unpopular position of the United States within the UN as the number of Soviet-influenced members increased.

In his chapter, Kirshner posits that the absence of capital and exchange rate controls through institutionalized cooperation tend to result in suboptimal outcomes for closely linked economies. Kirshner argues that monetary cooperation is inherently difficult due to differences in political interests and economic ideology, which will usually lead to suboptimal bargaining outcomes. He uses the cases of Malaysia

and South Korea during and after the Asian Financial Crisis, as well as Japan's economic relationship with the United States as examples. As such, Kirshner sees institutions as a means through which actors can optimise positive, absolute gains.

Through an examination of his three case studies, Kirshner argues that the strategic and economic dynamics sustaining U.S.-Japan coordination over exchange rates and capital flows are unsustainable going forward. Given the importance of these two economies to the East Asian region, Kirshner suggests that this leaves substantial potential for economic instability. Using the South Korean and Malaysian examples, he then posits that U.S. liberal economic influence through the IMF did not have a consistent effect on restoring economic growth following the Asian Financial Crisis. In fact, the United States acting both directly as well as through the IMF hindered recovery by shooting down Japan's Asian Monetary Fund proposal.

Analyzing these, Krishner believes the root of the problems lie with the lack of institutionalized cooperation between Japan and the United States over the management of exchange rates and capital flows. He concludes by arguing that although the establishment of institutionalized cooperation between Washington and Tokyo over capital flows and exchange rates would afford greater economic stability, efforts to establish such cooperation are very likely to fail due to conflicting political interests and economic ideologies on the part of the United States and Japan.

Finally, Thomas Berger discusses the development of human rights regimes in East Asia for the end of the nineteenth century to the present. Through his analysis, Berger suggests that institutions have historically not contributed to the emergence of a human rights regime in East Asia. Instead, the types of institutional arrangements that have emerged both regionally and globally may even have retarded the development of human rights regimes in the region in the past, and may pose problems for regional cooperation in the future.

Berger argues that between the late nineteenth and mid-twentieth centuries, institutions have not been part of the spread of human rights in the region. In that era, the colonial great powers were primarily interested in maintaining their dominance and it was this overriding goal that drove the creation of institutions in the region. As such, institutions were predisposed against certain human rights, such as self-determination and racial equality.

The post-World War II era saw the establishment of a large number of institutions, such as the United Nations, that had as a goal the spread of human rights. However, the realities of the cold war and postcolonial

nationalism prevented consolidation of a strong human rights regime in East Asia. According to Berger, the United States and the Soviet Union used human rights language to support oppressive allies in East Asia. At the same time, many postcolonial East Asian governments avoided human rights issues in their relations with each other both inside and outside institutional settings. Such a move helped them avoid foreign-sponsored societal unrest and consolidate power.

With the end of the cold war and gradual democratization in the region, Berger notes that there has been a growing concern for human rights—but he argues that progress on human rights has been driven more by democratization of domestic politics and less by the direct influence of any international or regional human rights regime—such as the concern for condition of refugees or demands for compensating the victims of historical injustices—to pursue their own foreign policy goals. Thus, paradoxically, while concern with human rights in the region is increasing, and human rights conditions are improving, differences over human rights are becoming the source of growing controversy by different Asian countries. Berger concludes by speculating that incipient tensions between the United States and China are likely to inhibit the future evolution of human rights regimes in East Asia.

Conclusion

For half a century, the United States and Japan have been at the center of a grandly transforming East Asia. Their involvements in the region and with each other are shaped and pursued through institutions. The argument of this book is that—although East Asia is less “institutionalized” than other regions, particularly less so than Western Europe—institutions are nonetheless critical to its logic and functioning as a region. Moreover, as the chapters demonstrate, although region-wide economic development, globalization, the rise of China, and other forces are making the Asia Pacific region more integrated and multilateral in orientation—the old bilateral security ties remain critical tools for its key players. New layers of institutions have emerged in recent decades but old security institutions continue to give the region its essential shape.

Taken together, this book argues that the “uses of institutions” by Japan and the United States are of three kinds. First, institutions—particularly the array of bilateral security pacts—provide basic security ordering for the region. That is, they create order by resolving security dilemmas and insecurities that would otherwise lead to conflict, arms races, and perhaps war. Mastanduno, Murata, Cha, and Kawaski provide

insights into how their most elemental of institutions—the bilateral security tie—plays such a critical role. Behind the security institutions is a logic that turns on the way alliance pacts provide mechanisms for political control. Each state in the bilateral security arrangements wants more than simply security from outside threats. They want some measure of political control over their own security partners. The United States wants to exercise some control over the foreign policy of its junior partners—as Victor Cha argues, this was originally aimed at reducing the risks that these frontline states would provoke war and draw in the United States. But the junior partners also gain some influence over the United States, or a more predictable and institutionalized hegemonic leader in the region.

As Mastanduno stresses, East Asia is not a simple balance of power order—it is partially hegemonic. The United States is its dominant player, projecting power into Asia from across the Pacific. For this order to be stable and enduring, the United States has had to rely on institutional methods—making commitments, developing institutionalized partnerships, embedding itself in the region.

The second way that institutions are used by Japan and the United States is as tools of regional governance. This means that institutions—again primarily the security institutions—do not just provide security but they facilitate cooperation and help solve political conflicts. The bilateral security ties provide “voice” opportunities for junior partners to have some say—and therefore political stake—in American policy in the region. Interestingly, East Asia does not have a lot of formal region-wide “regimes” that facilitate cooperation by reducing transaction costs. Most of these institutions are global—such as the WTO and the IMF. But the region does have soft multilateral institutions that both the United States and Japan use for purposes of communicating and doing business. APEC, the ASEAN region forum, and the 6-Party talks on North Korea play their collective action functions.

The third way through which institutions play a more subtle role is by building confidence and legitimating state policy. Kiki Fukushima's chapter is most explicit in showing the way the United Nations plays a role in legitimating Japanese foreign policy in the region. The security dialogues in the region also play this soft role of bringing leaders together and letting long-term socialization and confidence building processes to operate. The actual impact of these institutional dialogues is uncertain. But they are dialogues that hard-headed political leaders and diplomats embrace and use. If they matter, it is because over the long term they help reshape the identities and deep preferences of states.

Finally, these chapters show the limits of institutions. Kirshner makes clear that simply because there are efficiency and positive-sum reasons to establish institutional cooperation in the monetary area, it does not mean that those institutions or rules will necessarily be forthcoming. Kirshner shows that the presence of substitutes—the IMF’s universal rules—and difficulties of translating interests into outcomes can leave the region less institutionalized than it might otherwise be. Berger also shows that changes in regional sensibilities toward human rights are driven more by domestic regime transformation than from the operation of anything approximating a human rights regime. Nonetheless, both the United States and Japan rely heavily on institutions to support their foreign policies in the region. This book suggests that there is an enduring logic that explains why this is so.

Notes

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3. For recent studies of East Asian relations, see Gilbert Rozman, ed., *Northeast Asia’s Stunted Regionalism: Bilateral Distrust in the Shadow of Globalization* (New York: Cambridge University Press, 2004); Ellis S. Krauss and T.J. Pempel, *Beyond Bilateralism: U.S.-Japan Relations in the New Asia-Pacific* (Stanford: Stanford University Press, 2004); J.J. Suh, Peter J. Katzenstein, and Allen Carlson, eds., *Rethinking Security in East Asia: Identity, Power and Efficiency* (Stanford: Stanford University Press, 2004); Edward Lincoln, *East Asian Economic Regionalism* (Washington, DC: Brookings Institution, 2004); Muthiah Alagappa, ed., *Asian Security Order: Instrumental and Normative Features* (Stanford: Stanford University Press, 2003); and G. John Ikenberry and Michael Mastanduno, eds., *International Relations Theory and the Asia Pacific* (New York: Columbia University Press, 2003).
4. See G. John Ikenberry and Takashi Inoguchi, eds., *Reinventing the Alliance: U.S.-Japan Security Partnership in an Era of Change* (New York: Palgrave Press, 2003). For contrasting views of the origins and character of the U.S.-Japan alliance, see John Dower, *Embracing Defeat: Japan in the Wake of World War II* (New York: Norton, 2000) and John Swenson-Wright, *Unequal Allies? United States Security and Alliance Policy Toward Japan, 1945–1960* (Stanford: Stanford University Press, 2005).
5. Krauss and Pempel, *Beyond Bilateralism*.
6. The literature on international institutions—theory, significance, and various manifestations—is vast. Leading theoretical statements include: Andreas Hasenclever, Peter Mayer, and Volker Rittberger, *Theories of International*

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7. See Geir Lundstadt, *Empire by Integration: The United States and European Integration, 1945–1997* (Oxford: Oxford University Press, 1998).
 8. G. John Ikenberry and Charles Kupchan, "Socialization and Hegemony Power," *International Organization*, Vol. 44, No. 3 (Summer 1990): 283–315.
 9. Keohane, *After Hegemony*.
 10. Iain Johnston, "Socialization in International Institutions: The ASEAN Regional Forum and I.R. Theory," in G. John Ikenberry and Michael Mastanduno, eds., *International Relations Theory and the Asia-Pacific* (New York: Columbia University Press, 2003), pp. 107–162.
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 12. See Nayef H. Samhat, "International Regimes as Political Community," *Millennium*, Vol. 26, No. 2 (June 1997): 349–378.
 13. For a discussion of the ways the United States has used international institutions, see Rosemary Foot, S. Neil MacFarlane and Michael Mastanduno, eds., *U.S. Hegemony and International Organizations* (Oxford: Oxford University Press, 2003).
 14. See G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major War* (Princeton, NY: Princeton University Press, 2001). For a survey of America's orientation toward law and institutions, see John F. Murphy, *The United States and the Rule of Law in International Affairs* (New York: Cambridge University Press, 2004).
 15. Robert Gilpin, *The Challenge of Global Capitalism: The World Economy in the 21st Century* (Princeton, NY: Princeton University Press, 2000), especially Chapter 2.
 16. For discussion of America's divergent postwar institutional strategies in Europe and East Asia, see Joseph Grieco, "Systematic Sources of Variation in Regional Institutionalization in Western Europe, East Asia, and the Americas," in Edward D. Mansfield and Helen Milner, eds., *The Political Economy of Regionalization* (New York: Columbia University Press, 1997), pp. 164–187.
 17. For a survey of Japanese foreign policy, see Kazuhiko Togo, *Japan's Foreign Policy, 1945–2003: The Quest for a Proactive Policy* (Boston: Brill, 2005).
 18. Victor Cha, *Alignment Despite Antagonism: The United States, Korea, Japan Security Triangle* (Stanford: Stanford University Press, 2000). See also Michael Green, *Japan's Reluctant Realism: Foreign Policy Challenges in an Era of Uncertain Power* (New York: Palgrave, 2001).

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20. Takashi Inoguchi, "Four Japanese Scenarios for the Future," *International Affairs*, Vol. 65, No. 1 (Winter 1988–1989): 15–28.
21. See Kent E. Calder, "Japanese Foreign Economic Policy Formation: Explaining the Reactive State," *World Politics*, Vol. 40, No. 4 (July 1988): 517–541.