

# The Decline of U.S. Hegemonic Power and a New Perspective on the U.S.–Japan Relationship

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Although 8 years has passed already since the turn of the 21<sup>st</sup> century, the international society is still looking for developing a new style of order. During this time, it is often said that the U.S. that led the war on terrorism and the war in Iraq lost its hegemonic power in the world. It is also said that the state of lame duck Bush Administration would worsen heading into the end of its administration in January 2009. Considering this point, Japan will face a crucial moment with the diplomatic ability whether it can establish U.S.–Japan relationship after the Bush Administration in terms of future prospects.

## 1. The Real Issues of The Declining U.S. Hegemonic Power

As you see as a lesson of rise and fall of a state throughout the World History, if a state goes beyond its ability in maintaining a good relationship with other states, the state would lose its dominance over them. Entering the 21<sup>st</sup> century the U.S. under the Bush Administration which looks to operate under small government created an environment in which military investment dominate domestic investments. The U.S. has 733 military bases in 120 countries and 370,000 soldiers in order to strengthen its hegemonic stability. However, as the result, the U.S. is not able to escape from the chaos of the War in Afghanistan and in Iraq yet. The reason is that the U.S. is extending its hegemonic strength beyond its capacity in the world. In addition, under rapid development of globalization in the international society in the 21<sup>st</sup> century, there are implications the tendency using military power would not function well on resolving various problems. At present, framework of global society trending toward multiplicity, where not only the U.S., but emerging powers such as the European Union (EU) aiming towards an enlarged EU, Russia, and China implement their own idea and strategy complicatedly. The EU agreed on aiming towards a post modern system and the gradual construction of an integrated has been in the process of unification which is filled with rule of law, international rule, negotiation and international cooperation apart from military power. On the other hand, the U.S. that has not relied on international rule and depends on its military power for the national security has not signed on major international treaties such as The Kyoto Protocol, etc.

Russia, in which the current Prime Minister Putin has substantial dominant power in the administration, has been seeking a “Quiet Anti-U.S. Alliance” using its tactical diplomatic strategy along with energy resources.

China is considered to be a rising mega power in the latter half of the 21<sup>st</sup> century increasing its presence in the international society as the hegemony of the U.S. has been declining.

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Although Japan respects the post modern system based on the belief of universal peace along with the beliefs of France and Germany, the core members of EU, in the prospect of current diplomacy, Japan is considered to follow U.S. diplomatic strategy. Therefore, unless Japan can develop its own diplomatic ability, its presence in the international society would be scared accordingly with the decline of US hegemonic power among international society.

The U.S. has played a positive role in the world providing preservation of three principles such as democracy, free economy, and maintenance peace in order for the U. S. to execute its hegemony. English supported prevailed those and science technology U. S. has expanded all over the world and those value will never change. However the structure of U.S. hegemony itself has declined so clearly with the evidence that one can see the chaos in Iraq. The basic question is whether the U.S. is fighting for establishing democracy in Iraq. Former President of Pakistan, Musharraf, who was positioning himself more as dictator, than an ally of the U.S. running the War in Iraq. The world is realizing inconsistencies of real versus underlying of the U.S. which claims that it is fighting for democracy in the Middle East with allies such as Saudi Arabia, Azerbaijan, Kazakstan, Turkmenistan in addition to Pakistan under Islamic dictatorships. The Bush Administration defies state sovereignty, international law and multilateral doctrines which should be treated seriously when a state executes its military power upon other states. Instead, it places priority on the reaction of American people who support the Bush Administration rather than international response. With such a policy Bush Administration tends to create frictions among other states

Even though the U.K., as ally of the U.S. has fought together with the U.S. the war in Iraq, its major think tank, Oxford Research Group, criticized that "the U.S. will be fighting for terrorism next 30 plus years without getting out from quagmire." And the think tank also analyzes that as long U.S and U.K. keep the military presence in Iraq, fundamentalist will pour into Iraq and Iraq might become a fertile training ground for terrorists who want to join newly such as in the case of Afghanistan in 1980s.

Due to heavy military expenditure, economic and military power for maintaining U. S. hegemony fluctuated gradually due to the facts: increase in double trade deficit, clear decline in Auto Industry and housing constructing industry, a shift of settling account currency from U.S. Dollar to Euro. Under these circumstances, specialists in foreign diplomacy have started criticizing the situation that U.S. is facing. Among many specialists in foreign policies, three of them, Kissinger, Brezinski, and Scowcroft, whose political affiliations are different from those of the Bush Administration are the most recognized. Unexpectedly they have common opinions as Dr. Kissinger has suggested that "U.S. needs to realize its current power in order to make international rules and occasions respond better changes to globalization and promote conversations with individual countries". Since current US foreign policy runs toward a different direction, in truth, US itself is contributing to its power decrease.

## **2. The Collapse of The U.S. Capital System**

The main issue for the presidential election is how to deal with Iraq as well as with Iran. This leads to a question of whether attacking Iran is a proper choice in order to keep the U.S.'s own profit. Since Iran has attempted the settlement of international

crude oil price from being dollar-denominated to Euro-denominated, or in mixed currency-denominated, this development jeopardized the U.S. position. The core problem of the Iran issue is based on this point, and it is likely that if the U.S. abandoned not to attack Iran, Iran's attempt would be realized and the U.S. would be on its way to ruin gradually with the decline of dollar.

While, if the U.S. decided to attack Iran, China and Russia could possibly become allies. Seeing as the two countries could sell us treasuries would result in a calamity in market and as a result, U.S. Dollar would result in massive decline. The Dollar could potentially lose its 60 year status as the international currency standard and as the result each state could decrease its dollar holdings resulting further decline of the dollar. The possibility of the worst case scenario for the U.S. such as the collapse of the U.S. money market, decline in U.S. treasury bond buying, rise in prime rate makes this problem even more complicated,

In addition to these dollar devaluation, recently sparked by the subprime loan problem the world has had tends a negative opinion of the U.S. financial capital system, a combination of real estate, stocks, and merger and acquisition (M&A). Even though the rise and fall of the financial system has relied on the basic establishment of a risk evaluation system and monitoring system, the seriousness of subprime loan problem touches the basic point of risk management system which can not be resolved even by exchanging fixed income to equities in the U.S. where the most modern financial technology is used. The Federal Reserve Bank (FRB) cut interest rates drastically so that it seems the credit crunch which existed in the U.S. financial market was avoided shortly causing bad effects on the real economy of U.S., and it is likely that international investors sell dollar-denominated treasury gradually.

While this volatility of dollar-based investment becomes a reality in the destabilization in international economics, economic specialists in Europe and the U.S. see this credit crunch as with: an enormous one to occur once in 30 years. With this credit crunch the era of free economic policy era would conclude. This would then effect heavily not only on U. S. economy worried subprime loan problem, but also affect the Japanese economy which has copied and operated similarly the ways of the U.S. financial system.

### **3. Agenda of The Next U.S. Administration**

Many voters think that unless new political aspects are incorporated into the election to the campaigning of the U.S. whose superiority has been declining, there would be no change to the present situation. According to a recent pole survey by the Washington Post, "75% of voters are pessimistic with the situation now and want to have a breakthrough to Bush Administration's policy" The trend towards favoring change promotes Democrat nominees. Many have come to view little by little that one of the Democratic nominees would be chosen on November 4th.

Manifest of the Democratic nominee for domestic policy is described on one view which is called "Washington Consensus" (Balanced Budget, tax deduction, tightening economy, de-regulation, anti labor union laws) which is led mainly by conservative since the Reagan Administration in the 1980's and on another view which is more liberal such as health care reform, advocacy of national health insurance, and their

strategy is making the U.S. united through enriching the social security system. Internationally they show recognition that since the War against terrorism, nuclear non-proliferation, and a stabilized world economy are achieved not only by the U.S. but by the help of other countries, in which case the transition of some of the U.S. power is unavoidable.

If the Democrat won the election, in order to execute healthcare legislation is the biggest manifesto that the Democrat needs a budget for. In order to make a budget for it, budget for defense expenditure needs to be reduced. Therefore withdrawal of the troops from Iraq has to be accomplished. In accordance with the gradual withdrawal of the troops, it is likely that the Democrats intend to involve China for security maintenance. Both the Democrat and the Republicans see the EU & China as key players for the next era's international society. However the EU will be preoccupied while with its problems such as negotiations with Turkey and is not ready to commit on international problems, even militarily.

Therefore, under the next U.S. administration, it seems that new international system will be stem from Asia through negotiations between China and the U.S.

If so, it is likely that U.S.-Japan relationship would face difficult situations never been experienced by the Japan side.

#### **4. Building A New U.S.-Japan Relationship**

Last year, the U.S. -Japan relationship was unstable. After direct US. North Korea conference held in Berlin last January, U.S.' softline strategy on North Korea has not been a preferable one to Japan which has the Japanese abductee problem. The U.S. has always made a clear policy doctrine on each occasion. Although, for example, the U.S. created slogans in the War in Iraq for building democracy in the Middle East and that a war in Afghanistan is a war on terrorism, one can not see any slogans in North Korea.

In the beginning of Bush Administration, North Korea was regarded as one of the "Axis of Evil", and it reinforced a hard line approach aimed at Regime change which is so called structural change. But U.S.' demand of "behavioural change" to North Korea is not enough reason to persuade Japan and U.S. allies, which has to settle abductee problem. Many Japanese see the Bush Administration adopt policies where any states which are against the U.S.'s are evils and where any states, despite being dictatorial who follow the US are treated with more priority.

In addition, Japanese comfort women amendment which was voted by House last spring made the relationship worse. On the other hand, since U.S. was irritated by the issue regarding oil transportation by the Japanese Self Defense Force (SDF).

Dealing with these issues is important, however, if you see from the different point of view, the period under the Bush Administration ending in January 2009 is crucial for Japan to determine polices by itself for its future role in Asia without feeling any pressure from the U.S. It is essential for Japan to change the method and view that were applied regarding the U.S.-Japan relationship in the past. During their 60 years relationship, Japan has often become tiresome of U.S. forced demands and the U.S. has claimed that dealing with Japan has been tough. As Mr. Takahiko Soejima pointed out in his book, "Politicians and intellectual control U.S.: world leadership" that previous Treasury representative, Mr. Mikky Kanter who played an important role in Ms. Clinton's

election headquarters, was a representative for dealing with Japanese trade negotiation and very tough negotiator based on his core belief that “Japan has paid U.S. nothing for its security. In return we should claim for compensation.” Also, Mr. Warren Christopher, who was the Secretary of State under the Clinton Administration repeatedly criticize “Japan would not listen to any of our demand.” James Baker, who was Secretary of State under two different parties, ignored Japan saying “it is not sure to whom we should have negotiation. Even though it comes to an agreement with him, we are not sure whether he has the real power. After all Japan would not keep promise, there is no need to go to Japan.

It is said often in Washington D.C. that Current Secretary of State, Ms. Rice has not turned her mind to Japan.

### Conclusion

In the future Japan should pay more attention to the antagonism which had been expressed toward the Japanese Government by successive U.S. government officers in negotiations with Japan.

Japan should change its style of negotiation with the U.S. significantly after January 2009 when pro China Administration is likely to highly come into play. In other words, while on the surface Japan officially expresses the importance of the U.S.–Japan relationship, in actuality, it avoids and postpones demands. This style will jeopardize the future relationship and lead to the lack of transparency in its positioning in the international society. Japan needs to concentrate on authorizing more power to their governmental negotiation teams with the U.S. and focus more on the outcomes that these teams can achieve. More options for national security, economics and trade are needed on the Japan side. For example, in the military field of the implication of collective security, and laws and regulations for sending SDF, in the economic field of the matter of creation of a common currency in Asia, as well as in the field of FTA negotiation with each country, strong negotiation teams with clear authority on the Japan side must be created to re-establish the US-Japan relationship and make progress in the Asia-Pacific region.

Overall Japanese diplomacy in multiple worlds should first disregard the preconceptions so far applied on the US-Japan relationship, and have strong options, utilizing domestic assets for negotiation with other countries more aggressively.

### Notes

1. Oxford Research Group (2007), ORG Year Report, Chapter of Iraq War. pp. 11–12.
2. Washington Post, dated 23 October 2007. p. 5.
3. Takahiko Soejima, (1998) “Sekaihakenkoku America wo Ugokasu Seijikato Chishikijin tachi,” Tokyo, Kodansha. pp. 132–135.

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1. Andrew F. Cooper, John English, Tamesh Thakuv (2002), “Enhancing Global Governance,” Tokyo, United Nations University, Press
2. Michael Mandelbaum (2005), “The case for Goliath: How America Acts as the World’s Government in the Twenty First Century, Cambridge University Press
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4. Thomas L. Friedman (2007) "The World is Flat," Picador Press, N.Y.
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