The Alliance Market: American Security Relations Under Unipolarity

Dissertation

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Abstract

With the traditional notion of military alliances as a tool for aggregating power, one cannot adequately explain such phenomena as the persistence of many Cold War alliances or the formation of large numbers of alliances in the post-Cold War era, which neither involves nor is aimed against the United States. This dissertation explains these phenomena by developing a theory about the market of military alliances. I conceptualize military alliances as contracts in which states pledge a continuous exchange of goods and services, at least one of which is the provision of military force, but where the others need not be. Contrary to the capability aggregation model of alliances, states often form and maintain an alliance with another state that is unable to provide military force for allied defense. This study views the alliance market from three different angles: systemic, contractual, and domestic. First, I discuss how the structure of the alliance market, defined by systemic polarity, affects relationships between allies. With a systemic model of alliances, I argue that the vice to which great powers easily succumb in a multipolar world is overreaction; in a bipolar world, overextension; and in a unipolar world, inattention. Next, I present a chapter on the contractual aspects of alliances, explaining one of the central roles of alliance agreements—the prevention of undesirable military entanglement. After pointing out some problems with the concept of entrapment, I argue that states carefully design alliance contracts so that they prevent
entrapment while not diminishing the value of alliances by preventing entanglement altogether. Following that, in the chapter on the domestic level, I explain how domestic politics affect intra-alliance bargaining and demonstrate that a state sometimes loses profits (and gains voice) as a result of increased capability. Three factors, whether there is strong domestic opposition to an alliance, whether a leader is pro-alliance, and whether a leader is vulnerable, affect how much more a state gains from its alliance relative to the minimum benefit necessary to motivate the state to be in the alliance. For statistical analysis, I use the dataset of the Alliance Treaty Obligations and Provisions project. For case studies, I examine American alliances with Japan, South Korea, and Spain. The conclusion discusses implications of the market theory of alliances on international relations theory and policy of the United States and its allies.
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Chapter 1: INTRODUCTION

At a time when the United States as the only remaining global power supposedly dominates world security affairs, we observe not only a high rate of alliance formation but these new alliances have not been initiated by the United States or directed against it. Moreover, many alliances formed during the Cold War have outlasted bipolarity. This is puzzling for several reasons. First, it contradicts the core predictions of the two most established structural theories of international relations, hegemonic stability and balance of power. According to hegemonic stability theory (Kindleberger, 1973; Gilpin, 1981; Keohane, 1984), the hegemon maintains global peace and prosperity -- conditions not thought to be conducive to alliance formation -- by providing public goods that sustain a stable international economic and security environment. Chief among these public goods are security guarantees in the form of bilateral or multilateral alliances with the hegemon. Consequently, the theory predicts either: (1) a decrease in alliances because hegemonic peace and global governance make them unnecessary or, conversely, (2) if we observe a high rate of new alliances, a significant proportion of them will be initiated by the hegemon to promote system-wide and regional stability. Neither of these predictions has come true; alliance creation has been increasing since the end of the Cold War and not one of these new alliances was with the United States.¹ Balance of power theory fares no

¹ The number of alliance “ties” and the number of alliance “memberships” within the existing U.S.
better. Its core claim is that states form alliances to prevent or check preponderance, such that none among them can coerce all the rest put together. For this to happen, states must align against threatening accumulations of power. Accordingly, if alliances emerge under unipolarity, we would expect some if not most would be directed against the unipole. Yet, there has been little evidence of external balancing against the United States. Those alleging that balancing against the U.S. is taking place have resorted to the concept of “soft” balancing, conceding that “hard” balancing against the unipole has not occurred to this point.

Second, many Cold War alliances persist twenty years after the Soviet collapse, violating the corollary “balancing” proposition that alliances break apart when the threat disappears. Of the 95 Cold War alliances that were active into the 1980s, 24 ended due to the passing of the Soviet Union, East Germany, and the former North and South Yemen. Of the remaining 71 of these alliances, more than half (36 of 71) were still active as of December 31, 2003. So much for the dictum: “success is the greatest enemy of alliances.” Moreover, if one considers the number of alliance terminations for each alliances slightly increased, and my quantitative analysis takes into account the increase.

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3 For the debate on American primacy and “soft” versus “hard” balancing, see Brown, Coté Jr., Lynn-Jones, and Miller (2009). Not surprisingly, a lively debate has developed to explain the absence of external balancing against the United States (see Ikenberry, 2002; Walt, 2002; Paul, 2004; Pape, 2005; Brooks and Wohlforth, 2005; Lieber and Alexander, 2005).
4 Neither the balance of power nor the balance of threat explains this phenomenon well (Waltz, 1979; Walt, 1987). Realists predicted the demise of NATO after the Cold War (e.g., Mearsheimer, 1990; Waltz, 1993). Institutionalis (e.g., McCa, 1996; Haftendorn, Keohane, and Wallander, 1999) offer an explanation for alliance persistence but do not predict the increase of alliance formation. On the issue of alliance persistence, also see Duffield (1994); McCa (1996); Walt (1997); and Wallander (2000).
5 See the Alliance Treaty Obligations and Provisions (ATOP) dataset at http://atop.rice.edu/. These numbers exclude pure nonaggression pacts.
active alliance in a given year, the end of the Cold War did not have much impact on alliance termination (see Figure 1.1 below).  

Third, the dramatic increase in alliance formation also contradicts our expectations about the post-Cold War era. Out of the 538 alliances formed in the period between 1815 and 2003, 163 were formed between 1990 and 2003 (Figure 1.2). Indeed, the rate of alliance formation remains at one of the highest levels in history, even when

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6 The number of active alliances has been increasing. For historical trends in alliance politics, see Leeds and Mattes (2007). The starting year in Figures 1.2 and 1.3 is 1816, because the state system membership in the Correlates of War dataset starts in 1816.

7 For the figure, the number of active alliances in a given year equals the number of active alliances in the previous year plus the number of new alliances formed throughout the current year, minus the number of alliance terminations in the previous year. I do not count alliances formed before 1815, as very few of those remained active beyond 1815 according to the ATOP codebook. Gibler (1999) reports only three such cases.
controlling for the substantial increase in the number of states and politically relevant dyads (Figure 1.3). Again, if alliances are responses to military threats, then the relatively peaceful post-Cold War environment should have led to a decrease in alliances. Even at the sub-systemic level, where the concerns of many states may be limited to their close neighbors, the capability aggregation model at the core of balance-of-power logic does not explain the surge in alliance formation. After all, interstate wars are declining in most regions of the world (Mueller, 2004). These trends simply do not square with the traditional view of military alliances as a method of power aggregation to balance and deter the enemy or, if that fails, fight and defeat it on the battlefield.

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8 While capability aggregation for defense and deterrence has been the dominant framework for analyzing military alliances (e.g., Liska, 1962; Walt, 1987; Snyder, 1997), there have been works that explain other aspects of military alliances. Scholars have noted that states form alliances not only for increasing security against external threats, but also for enhancing internal security (Barnett and Levy, 1991; David, 1991), binding their ally (Schroeder, 1976; Weitsman, 2004), revising the status quo (Schweller, 1994), or managing ambiguous security risks (Haftendorn, Keohane and Wallender, 1999). Capability aggregation is an effective means for some of these ends but an inadequate one for others.
Figure 1.2. Number of Alliances Formed, 1816-2003

Figure 1.3. Number of Alliances Formed per Number of Politically Relevant Dyads in the System, 1816-2003

9 I used EUGene’s (ver.3.204) default option for the number of politically relevant dyads
Finally, these anomalous empirical patterns are further complicated by an important and conspicuous exception to the current U.S. trend of “no new” alliances: NATO has not only survived but expanded, admitting twelve Central and Eastern European states.\(^\text{10}\) While the new members bring some military power and strategic bases to the alliance, this scarcely offsets the significant costs imposed on the old members by these new military commitments. As Michael Altfeld points out, “some alliances will add nothing at all to a nation's security or even reduce its security by placing it in a more vulnerable position than it was in before it chose to join the alliance” (1984, 525). From a military security perspective, new members of NATO are not considered strategic assets but rather burdens (i.e., they supply much less military value than they consume).\(^\text{11}\) The economic and military resources of the new members are limited, and the financial cost and the military risk of the enlargement for the old members are substantial, even when we ignore the opportunity costs incurred in aggravating tensions with Russia.\(^\text{12}\) We must infer, therefore, that whatever value the United States has sought to advance through NATO expansion, it must be something

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\(^{10}\) Albania and Croatia joined NATO in 2009, and this is not reflected in the ATOP dataset. Though much less conspicuous, the Organization of American States (OAS) also expanded when Belize and Guyana joined it in January 1991.

\(^{11}\) For critiques of NATO expansion, see Brown (1995) and Mandelbaum (1996). For a supportive view, see Ball (1998).

\(^{12}\) In addition, there is moral hazard in that once these states join the alliance, they have less incentives to live up to the standard of the alliance (Wallander, 2002, 4).
other than military in nature -- that is, something other than what our alliance theories tell us.\textsuperscript{13}

Do all these counterintuitive trends mean that our traditional understandings about alliance politics no longer apply under the new condition of unipolarity? Were they ever true? I explain these puzzling developments by means of a market theory of military alliances that focuses on exchanges and contracts between allies. I then test the theory against the Alliance Treaty Obligations and Provisions (ATOP) dataset and the cases of America’s alliances with Japan, South Korea, and Spain.

**THEORETICAL FRAMEWORK: THE ALLIANCE MARKET**

**Exchange in the Alliance Market**

This study develops a market theory of military alliances, which treats them as contracts pledging a continuous exchange of goods -- at least one of which is the provision of military force but the others need not be.\textsuperscript{14} The model grounds alliance politics in the demand for and supply of various goods—important examples include protection, military bases, and political and economic concessions.\textsuperscript{15} The capability

\textsuperscript{13} For critiques of the capability aggregation model, see Schroeder (1976) and Morrow (1991). As Goertz, Gibler and Powers (2008) point out, the traditional theories of alliances are not necessarily wrong but “radically incomplete.”

\textsuperscript{14} Such exchanges take place not just in military alliances. See Lake (1999, 2001, 2007) for exchanges in hierarchical relationships. See Palmer and Morgan (2006) for a two-good model of international relations.

\textsuperscript{15} The concepts and problems discussed in this study are not entirely new. Drawing on Altfeld (1984), Morrow (1987, 1991, 1993, 2000) employs the concept of exchange and argues that states exchange security and autonomy in alliances. Unlike in symmetric alliances, smaller partners in asymmetric alliances cannot contribute much to capability aggregation. Hence, Morrow argues, it is common that smaller partners concede autonomy to their larger partners, while the more powerful states supply security to the smaller partners. While innovative, the exchange model is somewhat elusive, because security and autonomy are defined in relation to the status quo (Morrow, 1991). It is difficult to identify the reference point for security and autonomy, and Morrow’s formulation does not differentiate military and nonmilitary goods. Boyer (1993) analyzes the roles of nonmilitary goods and comparative advantage in exchanges.
aggregation model of alliances comprises a subset of this theory, with the exchanged goods limited to military force. The central assumptions of my theory are that states participate in military alliances for various goals and that the common function of all alliances is to generate efficiency gains. With these assumptions, my theory explains how systemic polarity affects state bargaining power (e.g., U.S. intra-alliance bargaining power increased after the Cold War as the number of security suppliers declined); how states rationally design and renegotiate alliance contracts (e.g., to reduce the risks of entrapment and abandonment); and how domestic politics affect intra-alliance bargaining (e.g., the relationship between a leader’s political vulnerability and state bargaining power).

Like international trade, alliances assist states in obtaining efficiency gains from exchanges of goods based on comparative advantage and economies of scale (cf. Boyer, 1993; Hartley, 2006). For example, many criticize the U.S.-Japan alliance for its asymmetric assignment of responsibilities. Yet, both the United States and Japan have benefited greatly, with the United States offering military protection and Japan providing military bases and economic contributions. Japan can supply security for itself but the gains would be outweighed by the domestic political costs and adverse effects on its relationships with its neighbors. Thus, the efficient exchange has been continuing for

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between allies, but his model was designed to criticize the public-goods model of alliances and did not directly engage the rest of the alliance literature.

16 As these efficiency gains do not create an extreme division of labor in international trade, they do not make every state allied with every other state either. (Non)tradability of goods and services as well as transaction costs make some exchanges unworthy. Moreover, alliance commitments are highly rivalrous. Forming one alliance sometimes means giving up another alliance option. Increasing opportunity costs also hinder states from fully specializing in one good.
more than half a century. Moreover, this division of labor is common among traditional military alliances as well; states have always formed alliances for efficiency gains.\textsuperscript{17}

In the alliance market, the most prominent good is security (here, simply denoting goods of military value), and its price relative to non-security goods is a major source of bargaining power for a security exporter. Some aspects of security production from alliances can be explained by a public-goods model (Olson and Zeckhauser, 1966); security is not a good that is non-rival and non-excludable, however, so it is not a purely public good.\textsuperscript{18} Whereas subsidy treaties, in which one state loans its troops to another state for money, have become rare, states still actively exchange military for nonmilitary goods. Figure 1.4 shows demand and supply curves for security. Simply put, the demand for security derives from military threats confronting states, while the supply of security derives from the state’s own military capability and expected support from other states.\textsuperscript{19} When demand for security increases (from D to D’), \textit{ceteris paribus}, the relative price of security increases (P\textsubscript{0} to P\textsubscript{1}, the security exporter’s bargaining power increases; the security importer’s bargaining power decreases). Similarly, when the supply of security decreases (from S to S’), \textit{ceteris paribus}, the price of security increases (P\textsubscript{1} to P\textsubscript{2}).

\textsuperscript{17} For a portfolio diversification model of alliances, which also focuses on efficiency gains, see Conybeare (1992, 1994).

\textsuperscript{18} Military force committed to the defense of a state reduces the amount of force available to others, and the provider of the force has the freedom to withhold its support to its allies. For critiques of the public-goods models of alliances, see, for example, Sandler and Cauley (1975); Boyer (1993); and Goldstein (1995).

\textsuperscript{19} See Meernik (2008) for a supply and demand theory of U.S. military policy, although supply in his theory does not include support from other states.
In other words, increased demand for military protection improves the terms of an alliance for an ally that exports military protection, whereas a decrease in the supply of military protection reduces a state’s bargaining power vis-à-vis an ally from which it imports military protection. For instance, the North Korean threat and China’s rising presence improved the bargaining position of the United States vis-à-vis Japan in the 1990s, although the trend was somewhat mitigated by the increased importance of U.S. bases in Okinawa. The reverse trend can be seen in U.S. bargaining power relative to the Republic of Korea, which now faces a weakened enemy to the north. The U.S.-ROK alliance is also shaped by changes in the supply side, as South Korea’s economic growth
led to an increased supply of security. The effects of a reduced supply of security are perhaps best illustrated by North Korea’s predicament after the collapse of the Soviet Union. Before then, North Korea reaped bargaining advantages from the competition between the two neighboring communist giants. With the Soviets now gone, however, the Chinese have few reasons to worry about abandonment by North Korea, which lost most of its bargaining leverage except for its nuclear weapons development and increasing threat of total collapse that would produce regional chaos.

The alliance market is far from perfectly competitive; a few important players enjoy disproportionate influence. Accordingly, I treat great powers as the only effective security suppliers in the alliance market. Just as the number of sellers affects commercial transactions, the number of great powers or system polarity (Waltz, 1979) influences how goods are exchanged among states. Because polarity plays a significant causal role in the structure of dependence among potential and actual allies, changes in international structure generate predictable variations in intra-alliance bargaining power and general alliance patterns (e.g., formation, duration, and mode of termination).

The end of the Cold War changed the global distribution of military threats and commitments, and the shift had two contradictory effects on the bargaining power of the United States and other security suppliers: (1) the demand curve shifted to the left (see Figure 1.4), reducing the bargaining power of security suppliers, but (2) the supply curve

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20 For a thorough review of the literature on polarity, see Buzan (2004). Buzan differentiates superpowers and great powers.

21 Chapter 3 develops a model that explains the effects of systemic polarity on concerns for abandonment and entrapment. Simply put, abandonment is a betrayal by one’s ally, and entrapment means being dragged into a conflict of one’s ally. The two central variables reflected in polarity are the capabilities of the states and the availability of alternative allies.
also shifted to the left, increasing the price of security. When the former Eastern Bloc collapsed, its militaries had neither the intent nor the capabilities to remain a threat to the West. Meanwhile, in regions outside Europe, communist regimes and rebels lost their most important ally, and actual and potential U.S. allies lost their leverage toward the United States afforded by the competition between superpowers. Where demands for military protection decreased (e.g., Western Europe, South Korea), the intra-alliance bargaining power of security exporters, such as the United States, should decrease. At the same time, however, the shift from bipolarity to unipolarity increased the bargaining power of security exporters by decreasing the supply of security. In Chapter 3, I argue that the leftward shift of the supply curve was more significant than the leftward shift of the demand curve; hence, the increased rather than decreased bargaining power of the United States after the Cold War. As the unipolar power became more reluctant to supply security, states that import military protection preserved their existing alliances and/or formed new ones. A reduction in the demand and supply of security, however, should lead to a decline in the overall production of security. The empirical section of Chapter 3 demonstrates why, despite the large number of new alliances, this has occurred in the current unipolar system.

**Nonmilitary Goods in the Alliance Market**

In order to understand the rationale for asymmetric alliances and the persistence of alliances after dramatic international structural change, we need to take into account
nonmilitary goods in the alliance market. In 38.5% of allied dyads between 1816 and 2001, one alliance partner was more than 10 times stronger than the other—a disparity that casts doubt on the capability aggregation model of alliances. These asymmetric alliances make sense, however, once we relax the assumption that alliances are limited to the exchange of military force and allow for the exchange of heterogeneous goods. Such exchanges are not confined to the military field (e.g., military protection for military bases) and the provision of military bases alone cannot explain them, as only a limited number of weak states are so strategically located that the value of their military bases can be used to extract costly commitments from stronger states. Because states pursue various goals, they are sometimes willing to exchange military commitments for concessions in nonmilitary fields. An imbalance in military capabilities between states does not mean that they cannot find a mutually acceptable exchange as the basis of an alliance. In a similar vein, alliances do not always collapse after the threats that motivated them disappear. Even when the capabilities and strategic goals of allies

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22 While most of the literature has neglected the nonmilitary aspects of military alliances, there are some notable exceptions. For instance, a group of researchers have studied the effects of alliances on trade (e.g., Gowa and Mansfield, 1993, 2004; Gowa, 1994; Long, 2003; Mansfield and Bronson, 1997). More recently, there have been works that explore the effects of trade on alliances (e.g., Papayoanou, 1999; Long and Leeds, 2006; Davis, 2009). My task, however, is not just to account for the two-way causation between alliances and trade; the problem is deeper than that: it is the total conceptual separation of alliances and trade. Aside from types of goods exchanged, military alliances and trade partnerships have quite similar mechanisms. In fact, recent scholarship shows that many alliance agreements include clauses on economic cooperation (Long and Leeds, 2006), and many trade agreements include military commitments (Powers, 2004). A market theory of alliances can integrate theoretical insights from studies on alliances and economic cooperation.

23 The unit of analysis is dyad-years. Capability is derived from the Composite Indicator of National Capability (CINC) score of the Correlates of War project, using EUGene. Alliance data are from the ATOP dataset, version 3.0 (http://atop.rice.edu/) and exclude non-aggression pacts.
change, exchanges of heterogeneous goods allow them to keep benefiting from the alliance.

Nonmilitary goods include economic concessions in trade and finance as well as political concessions in diplomatic and domestic affairs. Some alliances in earlier periods were blatant exchanges of money and troops; for example, Portugal literally bought its alliance with England in 1661; through subsidy treaties, England, in turn, paid the monarchs of continental powers (e.g., Russia and Prussia) to hire their troops to fight for England's interests. Similar economic incentives have motivated the formation of many modern alliances. During the interwar period (1920-1936), for instance, France offered commercial concessions to gain an alliance with Belgium (Long and Leeds, 2006); and Nazi Germany used its economic power to ally with Bulgaria, Hungary and Romania (Hirschman, 1980 [1945]). Economic goods played important roles even in alliances that seem to be based on common threats such as the Franco-Russian alliance before World War I (Snyder, 1997) and the Anglo-Japanese alliance of the early twentieth century (Davis, 2009). With respect to political goods, every alliance entails some exchange of political loyalty, which serves as the foundation of military cooperation. Political concessions made by allies, of course, are never perfectly symmetrical, and stronger allies tend to have influence over their weaker partners’ domestic and foreign policies. During the Cold War, the two superpowers provided military protection and economic
aid to their respective junior partners, and the latter conformed their foreign and domestic policies to those of the bloc leaders.\textsuperscript{24}

\textbf{Effects of Polarity}\textsuperscript{25}

As mentioned, polarity influences how goods are exchanged among states. In a multipolar system, a security importer can satisfy its demand for military protection through many alliance options.\textsuperscript{26} In a bipolar system, a threatened non-polar power can seek help from either or both of the two superpowers and, if refused by one of them, can turn to the other for security (albeit with less bargaining power than if the other superpower was also an option). In other words, the Best Alternative To a Negotiated Agreement (BATNA) is fairly good for a non-great power dealing with a superpower in a

\textsuperscript{24} As Fedder (1968, 67) points out, some alliances serve a “preemptive” function (i.e. to stop another state’s power being added to a potential adversary), and the political loyalty of countries like Japan and West Germany was militarily important as well.

\textsuperscript{25} Most agree that the world was multipolar until 1945, bipolar until roughly 1989, and then unipolar (see, e.g., Snyder 1997, 18). For operationalizations of polarity, see Modelski (1974); and Rapkin, Thompson, and Christopherson (1979).

\textsuperscript{26} This study draws on the work of Glenn Snyder (1984, 1997), who developed theories on the relationships between alliance games and adversary games. Although Snyder’s works are innovative, there are three shortcomings in his analyses of military alliances. Namely, he excludes cases from non-multipolar systems (i.e. bipolar and unipolar systems), cases of asymmetric alliances (in terms of military capability), and cases that show exchanges of nonmilitary goods among allies. The exclusion of bipolar and unipolar cases is problematic not only because it limits his theory’s applicability, but also because it reduces the opportunity to demonstrate the wide spectrum of alliance dynamics he could have shown. Systemic polarity affects alliance dynamics through the availability of alternative allies and the distribution of capability. Snyder, however, only briefly discusses how alliance structure rigidity decreases abandonment fears under bipolarity, and he does not distinguish the effects of bipolarity on alliance allegiance of great powers and non-great powers, as explained in Chapter 3. The exclusion of asymmetric alliances is problematic not only because asymmetric alliances are a common and important form of alliances, but also because it biases our view of military alliances in general. Snyder’s cases are all alliances formed between great powers that are militarily dependent on each other. Consequently, his cases over-represent the capability aggregation aspects of alliances. The third shortcoming, which is related to the second point, is that ignoring nonmilitary goods is problematic because not all states can supply military goods.
bipolar system. As explained in more detail in Chapter 3, a great power’s bargaining power vis-à-vis a non-great power is expected to be stronger under multipolarity than under bipolarity; the two great powers under bipolarity can export military commitments only to their lesser allies whereas great powers under multipolarity can ally with their fellow great powers. Joanne Gowa (1989) argues that the cost of exit from an alliance is higher under bipolarity than under multipolarity, but the increase in the cost is steeper for great powers than for non-great powers. In a unipolar system, states have less bargaining power vis-à-vis the most likely supplier of military force, the unipolar power, which enjoys a virtual monopoly in the security market. From the perspective of this study, the absence of traditional balancing against the United States is not particularly puzzling or surprising (cf. Ikenberry, 2002). The shift from bipolarity to unipolarity gave the United States huge advantages in the alliance market by increasing its relative capability and reducing the attractiveness of alternative allies; the lack of balancing against the United States simply reflects its vaulted position within the new unipolar structure of this market. These advantages also explain the increasing use of coalition building in U.S. foreign policy. To return to the marketplace metaphor, the use of ad hoc coalitions in lieu of formal alliances resembles the use of part-time workers in place of full-time employees. When the alliance market favors the employer (the United States), it can attract employees (junior partners) without making formal alliance commitments. Thus, we

27 “The better your BATNA, the greater” your bargaining power, because “the relative negotiating power of two parties depends primarily upon how attractive to each is the option of not reaching agreement” (Fisher, Ury and Patton, 1981, 102). Odell (2000) uses the concept of BATNA to analyze international economic negotiations.
observe neither the formation of counter-alliances against the United States nor new alliances being initiated by it.

**Contents of Alliance Contracts**

Alliances are *contracts* of exchange. Allies exchange various goods, but they seldom give and take these goods at the same time. Therefore, the alliance market is based not on cash but rather on credit. Consequently, states always face risks of opportunistic behavior by their allies. Furthermore, unlike in most of our daily commercial interactions and the majority of international trade, military allies cannot change partners without serious difficulty. The number of buyers and sellers in the alliance market is limited, and a state’s alliance options are constrained by the existing network of commitments. Because an ally’s betrayal is costly, management of opportunistic behavior is a central part of alliance politics. Accordingly, alliance theory must analyze contractual aspects of military alliances; for instance, how alliance contracts are designed to cope with the risk of abandonment and entrapment (Mandelbaum, 1981; Snyder, 1984, 1997).

Chapter 4 explains how alliance agreements are designed to prevent undesirable military entanglements. The existing literature on alliances focuses on entrapment—being dragged into a conflict over an ally’s interest that one does not share—as a major concern for potential and actual alliance partners (Mandelbaum, 1981; Snyder, 1984,
1997; Christensen and Snyder, 1990; Cha, 1999; Morrow, 2000). Contrary to the theoretical progress that has been made with respect to the related concept of abandonment, there has been little theoretical advance or accumulation of knowledge on entrapment. In the current literature, contractual aspects of alliances have been reduced to the issue of commitment as a solution to the risk of abandonment. Theorists as well as policy makers recognize the danger of entrapment, but several conceptual problems make it difficult to observe. I argue that we need to distinguish among phenomena loosely explained by the term entrapment, which too often has been used in a misleading and confusing way. As I will show in Chapter 4, states carefully design alliance agreements to avoid serious military entrapment, which explains why there are so few empirical cases of it. Alliance contracts reduce the risk of entrapment by specifying the nature of alliance obligations and the conditions for their activation. I also show that states lacking sufficient bargaining power to influence the design of their alliance agreements are most likely to face the risk of entrapment. This suggests another reason for the lack of entrapment cases: the likely targets of entrapment are suppliers of military protection, who are more powerful and have more bargaining leverage than their weaker allies.

**Domestic Politics**

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28 Snyder (1984, 1997) posits a trade-off between abandonment and entrapment fears. “Chain-ganging” and “buck-passing” are similar concepts (Christensen and Snyder, 1990). Tierney (2008) suggests that defensive chain-ganging, where allies hold each other back from going to war, is also possible.

29 For example, Leeds, Long and Mitchell (2000) present the rate of (non)abandonment in time of war. Leeds (2003b) and Leeds and Savun (2007) explain when states tend to violate their alliance obligations (i.e. abandonment). For a work that analyzes the relationship between moral hazard and designs of alliances, see Lai and Day (2007).

30 While this is not a new claim (e.g., Morrow, 2000, 73), little empirical work has been done to support it.
From international factors, we can estimate a range of outcomes that are beneficial to all alliance partners. Where within that range a specific bargaining outcome lands, however, is mostly determined by the allies’ domestic politics and their interests regarding specific alliance-related issues. Because the latter varies issue by issue, a generalizable theory is better served by looking for systematic patterns in the former that affect the willingness to concede and win-set sizes in intra-alliance bargaining. Three factors determine how much a state gains from the alliance relative to the minimum benefit necessary to motivate the state to seek the alliance: domestic opposition to the alliance and both the leader’s vulnerability and attitude toward the alliance (discussed in Chapter 5). This is why changes in regime type and leadership are so consequential in alliance politics (cf. Leeds and Savun, 2007; Leeds, Mattes and Vogel, 2009). In addition to these factors, state resources also affect alliance terms. Specifically, resource scarcity may engender credible domestic opposition that inhibits the weak state’s ability to grant alliance concessions; here, weakness in terms of material power translates into bargaining strength. Conversely, an abundance of resources may weaken the materially rich state’s bargaining power over allies.

31 With respect to the effects of domestic politics on intra-alliance bargaining, existing theories of international relations suggest that domestic opposition to an alliance increases a state’s bargaining power vis-à-vis its ally. When a leader’s hands are tied by domestic opposition, he or she can credibly take a tough stance in international negotiations (Schelling, 1960; Putnam, 1988; Evans, Jacobson and Putnam, 1993). Since domestic opposition is not viable in non-democratic regimes, regime types have a significant impact on intra-alliance bargaining (Lee, 2007). Historical accounts of military alliances suggest that top leaders also have significant influence on alliance relationships, but theoretical literature on alliances is strangely silent about the role of leaders. See for example Kataoka and Myers (1989), Buckley (1992) and Schaller (1997) on the U.S.-Japan alliance, Hong (1999) and Oberdorfer (2001) on the U.S.-South Korea alliance, Rubottom and Murphy (1984), Pollack (1987) and Viñas (2003) on the U.S.-Spain alliance. In Chapter 5, in addition to the role of domestic opposition to an alliance, I examine the effects of a leader’s attitude toward an alliance and his or her vulnerability on intra-alliance bargaining.
**Multiple Aspects of the Alliance Market**

While my theory of alliance market is motivated by puzzles at the systemic level, it extends the analysis to the contents of alliance contracts and domestic politics. Because efficient exchanges between allies require the protection of alliance contracts, it makes sense to explore how the contents of alliance agreements affect transactions in the alliance market; my focus in Chapter 4, therefore, is on alliance contracts themselves.

My “domestic” level of analysis includes both first (individual) and second (state) image variables (Waltz 1959). When we examine transactions in the alliance market, we see that the actors who pursue benefits from military alliances are sub-national groups and individuals. Moreover, we observe not only that internal politics and leaders’ attitudes toward alliances significantly affect alliance politics but that allies adjust their policies according to their perceptions of these variables. The key point is that alliance bargaining is shaped by factors from different aspects of the alliance market: (1) the systemic variables (polarity, demand and supply regarding military protection), (2) contents of the alliance contracts, and (3) the domestic factors (e.g., regime type, leader attitudes towards specific alliances). My analysis of the three aspects are connected by the common theme that alliances are contracts of exchange by which actors pursue their interests. Chapters 3, 4, and 5 separately address different aspects of the alliance market but collectively demonstrate that an explanation solely based on one level of analysis is partial at best.

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32 British Historian Ian Nish describes the Anglo-Japanese Alliance of 1902-1922 as a secretariat alliance, which was formed by particular interests of certain ministries within the two governments (Nish, 1972). Similarly, “Washington’s mutual defense agreements with Franco’s Spain and Chiang Kai-shek’s Taiwan were created by and for particular interests within the armed services and powerful legislators on Capitol Hill” (Dingman, 1979, 249).
For example, the fear of abandonment and entrapment is affected by systemic polarity, but it is mitigated or amplified by the designs of alliance agreements and also by domestic political climates of allies (pro-alliance groups tend to worry about abandonment, whereas neutralists worry about entrapment). The future of America’s alliances, therefore, will depend on international factors (e.g., military threats, American unipolarity), the contents of the current alliance agreements, and domestic political developments in the United States and its allies.

In short, variables from different aspects of the alliance market interact with one another. Systemic factors affect the conditionality of alliance agreements (which will be shown in the quantitative section of Chapter 4), and they also have a significant impact on the domestic politics of alliance members. The specific contents of alliance contracts, because they determine the benefits and risks of such agreements, influence how leaders and publics view the alliance and can sometimes override the effects of systemic variables. Domestic political variables affect intra-alliance bargaining and the contents of alliance contracts; they may also have long-term effects on systemic factors, since changes in capabilities and threats often originate in domestic politics. This study provides a theory of alliances that cuts across levels of analysis as well as the divide between the fields of international security and international economy.

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34 Neoclassical realists have advanced our knowledge on the interaction of domestic politics and international security (Rose, 1998, Schweller, 2003).

35 The applicability might be even broader; Shenkar and Arikan (2009) argue that researchers of nation-state alliances and inter-firm alliances can benefit from interdisciplinary enrichment.
CASES AND METHODS

I use the ATOP dataset to show trends of alliance politics since 1815, as well as to test some of my arguments. My focus is explicitly on formal military alliances, though I argue that they have nonmilitary aspects as well. For case selection, I follow the operational definition of the Alliance Treaty Obligations and Provisions dataset (ATOP): alliances are “written agreements, signed by official representatives of at least two independent states, that include promises to aid a partner in the event of military conflict, to remain neutral in the event of conflict…or to consult/cooperate in the event of international crises that create a potential for military conflict” (Leeds, Ritter, Mitchell, and Long, 2002: 238). For quantitative analysis, I use 538 military alliances formed between 1815 and 2003. I exclude from my analysis nonaggression pacts without other alliance obligations, because many of them are agreements between enemies rather than allies (e.g., North and South Korea, the United States and the Soviet Union). 36

I demonstrate the causal mechanisms of my arguments primarily through case studies of America’s alliances with Japan, South Korea, and Spain. These three alliances are not only substantively important but also theoretically interesting individually as well as collectively. The U.S.-Japan alliance consists of the world’s two largest national economies and yet is based on extremely asymmetric military responsibilities. The U.S.-South Korea alliance is one of the most militarized alliances in the contemporary world, but its origin and development are hardly captured by the capability aggregation model of

36 On the differences of nonaggression pacts from other alliances, see Mattes and Vonnahme (2008).
alliances. The U.S.-Spain case shows that an alliance can be really a marriage of “convenience” and not even one of necessity; neither the United States nor Spain really needed the alliance to fight external threats but benefited from their loose cooperation, which gradually developed into an institutionalized alliance. Collectively, the three alliances have significant variations in such factors as geography, regime types, and external threats. There are also diplomatic records of the negotiations between the United States and the three allies, with which we can directly examine the variables of interest rather than infer them from the circumstances.

For the primary sources, I use *Foreign Relations of the United States* and have collected some documents at the National Archives at College Park. For the secondary sources, I have used works in English, Japanese, and Korean. I have conducted interviews in Japan (2006 and 2008) and South Korea (2008) for this project.

**Outline**

Building on the concept of the alliance market, the following chapters develop a general theory of military alliances. By explaining the characteristics of the alliance market, Chapter 2 presents the broad theoretical map and explains important concepts in the market theory of alliances. The chapter justifies the market approach of this project and explains how my theory is related to the existing literature.

Chapter 3 analyzes the effects of systemic variables on the relationships between allies. It focuses on the demand and supply of military protection and how polarity affects the bargaining power of great powers. The existing literature is heavily biased toward the analysis of demand for security and does not pay sufficient attention to the
logic on the supply side. In addition to its focus on the supply side, the chapter is also novel in its deductive reasoning about the effects of polarity. I develop a model that analyzes how the number of great powers affects the fear of abandonment and entrapment in symmetric and asymmetric alliances. This fear shapes the patterns of alliance dynamics in different systems. Deductive reasoning is particularly important for our analysis of unipolarity, because we have only one case of a unipolar international system in modern history, and the unipolar system is still evolving (Ikenberry, Mastanduno and Wohlfarth, 2009, 25-26; Jervis, 2009, 200-206).

Chapter 4 explains one of the central roles of alliance contracts, the prevention of entrapment. After pointing out some problems with the concept of entrapment, I argue that states carefully design alliance contracts so that they prevent entrapment while not diminishing the value of alliances by preventing entanglement altogether. The chapter demonstrates that states fear entrapment, understand what factors affect the risk of entrapment, and take countermeasures against the risk by imposing conditions on their alliance obligations. Both strong and weak allies worry about entrapment, but a state needs some bargaining power to limit its alliance obligations; consequently, states renegotiate alliance agreements as their bargaining positions shift.

Chapter 5 explains the effects of three domestic variables on a state’s intra-alliance bargaining power. As the existing theories of international relations argue, the presence of effective domestic opposition to an alliance increases a state’s bargaining power in an alliance. The chapter advances our understanding of the domestic sources of bargaining power by further explaining the interactive effects of a leader’s attitude toward
an alliance and his or her vulnerability. When a leader is likely to stay in power for a long time, the other state either has to accept concessions to the tougher demands of a neutralist leader or does not need to prop up a pro-alliance leader. In contrast, when a leader’s rule is shaky, the other state either benefits from undermining a neutralist leader by withholding concessions or needs to support a pro-alliance leader by making concessions. Thus, the effects of a leader’s attitude and vulnerability vary, depending on the value of each variable. In addition, the chapter examines the difference between bargaining power based on strength and bargaining power based on weakness.

Chapter 6 concludes the study by discussing its implications for international relations theory and policy of the United States and its allies.
Chapter 2 : A MARKET THEORY OF ALLIANCES

It is impossible to speak of international relations without referring to alliances; the two often merge in all but name. For the same reasons, it has always been difficult to say much that is peculiar to alliances on the plane of general analysis.  
Liska, 1962, 3

In this dissertation, I develop a general theory of military alliances by focusing on two essential elements of alliances, exchange and contracts. I conceptualize military alliances as contracts in which states pledge a continuous exchange of goods and services, at least one of which is the provision of military force, but where the others need not be. The goals of alliances vary across cases and time, but states participate in military alliances to obtain efficiency gains, regardless of their specific goals. With this key assumption, a market theory of alliances should explain intra-alliance bargaining as well as the formation, duration and termination of alliances.

There are many possible ways to build such a theory, but a market theory of alliances should be based on the characteristics of the alliance market. First, there is no “currency” in the alliance market, and alliance partners barter goods of intrinsic value. The most commonly exchanged good in the alliance market is military protection, but the exchanges should not be limited to the single good because the market participants have other needs and also because not everyone can provide the good. We should therefore
analyze the role of nonmilitary goods in the alliance market. Second, the alliance market has a limited number of participants and is far from perfect competition. Especially important is the limited number of actors who can supply effective military protection. Thus, I focus on the effects of the number of great powers (i.e. polarity) at the systemic level. Third, payments in the alliance market are not simultaneous, and there is no world government that enforces alliance agreements. Because the market participants face the risk of opportunism and inadvertent failures, we should analyze how states design alliance agreements to cope with the risk. Finally, the variety of potential stakeholders in the alliance market is higher than that for corporations in commercial markets. Individuals do pursue their self-interest in commercial enterprises too, but the interests of sub-state groups and individuals are more likely to be diverse and divergent from their representative in the alliance market because national interests are much harder to define than interests of commercial enterprises. Thus, we should analyze how domestic politics affect transactions between allies.

Each of the following chapters has its own theoretical section, so this chapter provides a guide to the general ideas of my theory and does not explain its specifics. It illustrates where in the literature my theory is placed. Some works from major paradigms of international relations theory (realism, institutionalism, liberalism, constructivism) have explained the continuation of the Cold War alliances, but none of them can explain the increase of alliance formation and the strange inactivity of the United States after the Cold War. My theory of the alliance market is in the tradition of institutionalism in its

\[37\] For a concise review of the paradigms, see Snyder (2004). For examples of works that explain the
focus on efficiency gains, but variables from neorealism (i.e. systemic polarity) and
neoclassical realism or liberalism (i.e. domestic political variables) also play important
roles in it. 38

In the following, I first explain why the market approach is necessary for a
sound and comprehensive understanding of alliances. Then, I lay out the basic concepts
for my theory of alliance market, with a brief explanation of my arguments at the
systemic, contractual and domestic aspects.

WHY A MARKET APPROACH?

“Alliance Games”

There is no condition that deserves permanently the name either of friendship or
hostility. Both friends and foes arise from considerations of interest and gain.
Friendship becomes changed into enmity in the course of time. A foe also
becomes a friend. Self-interest is very powerful.

From the Mahabharata, an epic of ancient India (Ganguli, 2009, 410)

As in the majority of alliance literature, I assume that states, and their leaders,
pursue self-interest, but I find in the literature a bias toward associating self-interest with
hostility rather than cooperation. For instance, George Liska writes that “alliances are
against, and only derivatively for, someone or something” (1962, 12). In major theories
of international relations, states form alliances to balance against power (Waltz, 1979) or
threats (Walt, 1987). Even Glenn Snyder, who explicitly distinguishes interactions

continuation of Cold War alliances, see Walt (1997) for realism, McCalla (1996) and Haftendorn, Keohane,
and Wallander (1999) for institutionalism, Suh (2007) for the mixture of realism, institutionalism,
liberalism and constructivism.
38 For reviews of neoclassical realism, see Rose (1998) and Schweller (2003).
between allies from interactions between adversaries, defines alliances as “formal associations of states for the use (or nonuse) of military force, in specified circumstances, against states outside their own membership” (1997, 4, emphasis added by the present author). As a result, alliance literature tends to emphasize conflictual rather than cooperative elements of international relations, even though alliances are fundamentally cooperative institutions. Alliances and friendship are different concepts—the latter is less formal and usually involves normative connotations rather than mere self-interest.  

Alliances and friendship, however, share certain properties as well—actors better cooperate with each other within the clubs of alliances or friendships, and the insiders value good relationships among them. Because students of international politics are advised to focus on self-interest of international actors, they have been careful not to confuse alliances with friendships. The existing literature on alliances, however, has been trapped in the other end of errors—alliances have been analyzed predominantly in terms of strategic interactions between adversaries. Granted, self-interest is more conspicuous in the context of enmity than in friendship, but one still should not uncritically link alliances with enmity. Your enemy’s enemy is not necessarily your ally (e.g., Saddam Hussein and Osama Bin Laden hated each other’s philosophy), and your ally’s enemy is not necessarily your enemy (e.g., Greece and Turkey, both NATO allies,

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39 Two psychologists have proposed an “alliance hypothesis for human friendship,” where they argue that human friendship is like alliance politics (DeScioli and Kurzban, 2009). What they mean by alliance politics, however, is creating support groups for potential conflicts, and they explicitly distinguish allies from exchange partners. Interestingly, Plato in Lysis writes that if “the enemy were to go away, [the friend] is no longer, it seems, a friend to us” (Ludwig, 2010, 134).
are long-time foes). While military dependence caused by hostility is a major driving force of military alliances, there is a limit to the explanation based on hostility.

This dissertation is aimed to correct the literature’s bias toward adversary games as opposed to alliance games. The independent dynamics of alliance games deserve more attention from international relations research because alliance politics is not exclusively, and perhaps not even primarily, driven by considerations of adversary games. Ironically, the alliance literature has focused more on interactions between adversaries (e.g., how alliances deter or fight enemies) than those between allies (i.e. how allies help each other) because of the widespread notion that alliances are formed in response to external threats. For instance, although the term “alliance” often appears in discussions of balancing, the concept of balancing is predominantly discussed in the logic of adversary games. Granted, states sometimes balance against the power or threat of an adversary, but external (and to a lesser extent, internal) balancing is still a function of relationships between potential and actual allies. In a situation where external threat for a state is scarce, its balancing policy should be more influenced by alliance games than by adversary games. A state may have an interest in strengthening its security tie with another state because of their political or economic tie, and not because they share a common external threat. In such cases, contrary to Liska (1962, 12), alliances are for, and only derivatively against, someone or something. For example, when a state is allied with two states that are in conflict with each other, it will try to restrain them with some

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40 For the present, games here simply mean interactions between adversaries or allies. For three modes of these games, see Snyder (1997, 33-34).
41 The literature on balancing is huge. See Waltz (1979) and Walt (1987) for the most popular theories of balancing.
sort of balancing, but the balancing is primarily for the security of the two states rather than against them.\footnote{For an exploration of trilateral security relationship, see Crawford (2003).} In order to understand what alliances are for (and not just against), we need an analytical framework of alliance games independent of adversary games.

**Reconceptualization**

Without the premise of external threat motivating alliances, we need an alternative rationale for military alliances. This is exactly the problem many policy-makers faced after the Cold War. For Americans, reasons to keep their alliances are not as clear in the current unipolar era as in the Cold War era. Many doubted the continuation of the Cold War alliances (Mearsheimer, 1990; Waltz, 1993), but the Western alliances have been largely intact. Meanwhile, despite predictions made by some realists (Layne, 1993; Waltz, 1993), no serious alliance has been formed against the American unipole (Ikenberry, 2002). Furthermore, there have been anomalies to the threat-based alliance theory well before the advent of the unipolar system. Asymmetric alliances were common in multipolar and bipolar systems too, and states used to purchase military services from their allies by forming subsidy treaties, in which one state loaned its troops to another. Many states sought something other than military protection in these alliances. Conceptualization of military alliances as a solution only to adversary games cannot explain these new and old anomalies.

In order to understand functions of military alliances other than capability aggregation, we need to focus on what allies exchange with each other. Schroeder (1976) explains how alliances were used for management and control of alliance members in
addition to capability aggregation against third-parties. In alliances of management or control, some or all of the members were expected to restrain their policy rather than providing military force. Morrow (1987, 1991, 1993, 2000) points out that smaller partners in asymmetric alliances cannot contribute much to capability aggregation and thus larger partners must have obtained something other than security benefits from their alliances. Morrow (1991) develops a model of asymmetric alliances, where allies exchange security and autonomy. As examples of increased autonomy due to an alliance formation, Morrow raises concessions in an ally’s internal or external policies and military bases (1991, 921). This study adopts the exchange framework and pays a special attention to the distinction between military force and other kinds of goods in the alliance market.43

Interestingly, we can find a rationale for military alliances in a classic explanation of international trade. David Ricardo (1817) illustrated the principle of comparative advantage with the wine-for-cloth trade between Portugal and England. Irrespective of the absolute productivity, two countries can benefit from specializing in the production of goods with which they have a comparative advantage and then trading those goods. What is not in economics textbooks is that the series of the Anglo-Portuguese alliances—the world’s oldest alliance still in force—have explicit clauses on commercial arrangements, including those for wine and cloth.44 Scholars have compared

43 Morrow defines security as a state’s “ability to maintain the current resolution of the issues that it wishes to preserve” and autonomy as “the degree to which” a state “pursues desired changes in the status quo” (1991, 908-909). Accordingly, he does not differentiate military and nonmilitary goods, and the same good can be categorized as security or autonomy depending on how we see the status quo.

44 For the relationship between the Anglo-Portuguese alliance and the two countries’ commercial relationship, see Belcher (1975) and Shaw (1998).
states of the international system to states of the market (e.g. Boulding, 1958, 330; Waltz, 1979), but interactions between allies should resemble the market even better because conflicting and violent interactions between adversaries are often not captured by the market analogy. The market is a place for mutual cooperation based on self-interests, and commercial interactions are more similar to interactions between allies than to those between adversaries.45

From the problems discussed above, it naturally follows that we need to take account of exchanges of heterogeneous goods among allies. Heterogeneous exchanges are possible even within military realms (e.g., basing rights and protection), but the inclusion of nonmilitary goods vastly expands the scope and benefit of alliance politics. While most of the literature has neglected nonmilitary aspects of military alliances, there is a notable exception—a group of researchers who studied the effects of alliances on trade (e.g., Gowa and Mansfield, 1993, 2004; Gowa, 1994; Mansfield and Bronson, 1997; Long, 2003). In addition to the causal effects these works have shown, which are mostly one-sided (from alliances to trade), the effects of international trade on military alliances deserve more attention.46 The real problem, however, is the conceptual separation of alliances and trade. As Chapter 1 discussed, recent scholarship shows that

45 The market analogy may not be straightforwardly applicable, however. For example, see Glenn Snyder’s following conjecture: “To use another image, alliance making in a multipolar system is not like perfect competition in an economic system, where many buyers and sellers are present but the market sets the price, nor is it like bilateral monopoly, where the price is set by bargaining between a single buyer and single seller, analogous to a bipolar system. Structurally, it is like oligopoly, with a few sellers (or buyers) collaborating to set the price, but behaviorally, it tends toward duopoly, that is, the few are often only two” (1997, 148). As will be discussed in Chapter 3, I do not consider alliance politics under bipolarity to be bilateral monopoly.

46 More recently, there have been works that explore the effects of trade on alliances (e.g., Papayoanou, 1999; Long and Leeds, 2006; Davis, 2009).
many alliance agreements include clauses on economic cooperation (Long and Leeds, 2006) and many trade agreements include military commitments (Powers, 2004). The market theory of alliances provides a ground for theoretical integration of the studies on alliances and economic cooperation.

**Nonmilitary Goods**

We cannot explain the rationale for asymmetric alliances, let alone understand the variety of exchanges that take place between allies, without taking into account nonmilitary goods in the alliance market. A state sometimes needs military assistance from an ally weaker than itself, but when the power disparity between the allies becomes too large, the ally’s military force becomes irrelevant. Let us draw a line at the capability ratio of 10 because approximately half (45.8%) of all dyad years in the interstate system between 1816 and 2001 have a ten-fold capability disparity or greater,\(^47\) and because the ratio of 10 seems to be sufficiently large to make the weaker ally’s force trivial.\(^48\) The capability ratio was about 6 for the U.S.-Japan alliance in 1960, 41 for the U.S.-South Korea alliance in 1953, and 12 in the U.S.-Spain alliance in 1976. Somewhat surprisingly, 38.5% of allied dyad years have a capability ratio over 10 (27.2% over 20, and 17.0% over 50). In fact, the mean capability ratio of allied dyads is 252 while it is 196 for non-allied dyads (i.e. on average, one of two allied states is 252 times stronger than the other!). When we drop observations after 1945, the mean ratios drastically change (44.3 and 41.9)

\(^{47}\) The unit of analysis is dyad-years. Capability is derived from the Composite Indicator of National Capability (CINC) score of the Correlates of War project, using the EUGene, version 3.1 (http://www.eugenesoftware.org/). Alliance data are from Alliance Treaty Obligations and Provisions (ATOP) dataset, version 3.0 (http://atop.rice.edu/) and exclude non-aggression pacts.

\(^{48}\) It might be better to have different thresholds for different periods, because technologies affect the “loss of strength gradient” (Boulding, 1962).
because there are far more small states in the postwar era, but 33.6% of allied dyads have a capability ratio over 10 even during the multipolar period (1816-1945), when the concern for the balance of power was supposed to be strong and where the capability aggregation model should work well. This suggests that many states have formed alliances with partners too weak for the purpose of capability aggregation, and it is not a new phenomenon. Of course, small states sometimes provide valuable military assets such as basing rights, but only 10.5% of alliance members in the ATOP data set have such arrangements for troop stationing (hosting and basing combined). Thus, it is hard to explain away so many asymmetric alliances with the military values of small states’ contributions.

Asymmetric alliances are not only numerous but can also be very influential. The U.S.-Japan alliance, arguably the most important and clearest asymmetric alliance in our time, shows that an alliance of great importance and stability can have an extreme asymmetry of military responsibilities. The alliance between the world’s two largest national economies is a linchpin of security orders in East Asia and has endured numerous changes in the international environment since 1951. Yet, Japan’s military contribution to the alliance is very limited. Japan does not have an obligation to support the United States militarily, and in fact, it is prohibited from supporting the United States because its constitution has been considered to deny the right of collective self-defense. The alliance has been nonetheless beneficial to both parties, because, while Japan

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49 The member level dataset of the ATOP captures changes in obligations of alliances and has separate entries for the different phases. For instance, NATO did not have the arrangement for troop stationing from 1949 to 1951.
benefited from American protection and economic support, the United States also received various benefits. In addition to gaining strategically valuable military bases in Japan, the United States established some control over Japan through the alliance, keeping the former enemy closely in the western camp. The Japanese designed their foreign policy toward such important neighbors as China and the Soviet Union in line with U.S. policy. As the Japanese economy developed, its economic contribution to the alliance became important as well. For instance, the Japanese government covered between 75 and 79 percent of total local U.S. stationing costs in the period between 1995 and 2002 (Calder, 2007, 192-193). Japan’s foreign aid, while also serving its economic national interest, was directed toward countries strategically important for the United States (Boyer, 1993). When the U.S. current account deficit and fiscal deficit grew in the 1980’s, it was Japan that financed the American economy. Although economic interdependence between the two countries is strong itself, Japan’s military dependence on the United States reinforces American influence on Japanese economic policy, and the United States is always able to count on Japan’s support for its global economic policy (Dwyer, 2000).

In sum, states often form and maintain an alliance with another state that is unable to provide military force for allied defense. An imbalance of military capabilities does not mean that there cannot be a valuable exchange between allies. Neglecting nonmilitary goods in alliance politics is problematic and biases our view.

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50 In 1995, Japan’s contribution to U.S. forces in Japan amounted to $4.1 billion, compared with $1.7 billion of South Korea and $1.6 billion of NATO allies combined (Wolf and Zanini, 1998, 11). Despite fiscal problems, Japan’s contribution remains to be the most generous among U.S. allies ($4.4 billion in 2002. Yoda, 2006). Also see Calder (2007).
ALLIES EXCHANGE GOODS

I argue that military alliances are a mechanism in which countries exchange goods, at least one of which is the provision of military force but where the others need not be.\footnote{Cooley and Spruyt (2009) discuss the exchange and transfer of sovereignty between states.} When the goods exchanged are limited to the provision of military force, the exchange model approximates the capability aggregation model.\footnote{Capability aggregation, however, is not necessarily for efficiency gains. Even if aggregation is not efficient (i.e. output/input ratio is low), if defeating an enemy requires a certain amount of output, aggregation is necessary, and to that extent, effective. My focus on efficiency gains, of course, does not negate the importance of such effectiveness, which still requires contracts of exchange.} The demand-supply curves for military force, however, should look different for the capability aggregation model, because the actors with purchasing power are limited in the model -- states that can provide military forces. A market where participants exchange only food should work differently from a market where participants can purchase food with wine, cloth and other goods. Traditional theories of alliances were so focused on the fear of military defeat (starvation) that they assumed states only exchanged military force (food) in the alliance market. Military goods include the provision of troops, military bases, and nuclear deterrence. Nonmilitary goods include economic concessions, public support of the ally’s policy, and coordination of foreign policy (e.g., refraining from approaching the allies’ enemies). Aside from the difference in goods and services exchanged, military alliances are quite similar to trade contracts. No wonder there are overlaps between alliance treaties and trade agreements. Kinds of goods exchanged vary; states sometimes exchange similar goods (e.g., both allies providing troops), but they also exchange goods from different fields (e.g., military protection in exchange for economic or political
concessions) or different goods even within the same field (e.g., protection in exchange for the provision of military bases). Subsidy treaties England signed with continental powers are a typical trade (alliance) of military and nonmilitary goods. Although Britain was powerful itself, it was often cheaper to subsidize continental powers such as Russia and Prussia to fight for the British interests.

Economic incentives can be used both to attract military allies and to sustain them (Grieco and Ikenberry, 2003, 184-185). As noted in Chapter 1, Portugal bought its alliance with England in 1661 (Belcher, 1975), and French loans to Russia helped the formation of the Franco-Russian alliance of 1892 (Viner, 1929, 410-411). During the interwar era, while Nazi Germany cultivated economic dependence of Bulgaria, Hungary and Romania on its economy (Hirschman, 1980 [1945]), France offered commercial concessions to Belgium (Long and Leeds, 2006) and Great Britain to the United States (Skalnes, 1998). Davis (2009) recently demonstrated that the formation and management of the Anglo-Japanese alliance (1902-1923) was also, at least partially, based on the exchange of military and economic goods. Economic incentives play important roles even after a war breaks out. During the Thirty Years’ War, French financial support to Sweden, Dutch Protestants and German princes ensured that they continued to fight against the Habsburg (Adams and Parker, 1997, 63; Parker, 1997, 111). In the Second

53 In his analysis of the relationships between international finance and alliance politics in the period between 1880 and 1914, Jacob Viner comes to the following conclusion: “In almost every important instance, the successful negotiation of an entente or alliance was aided by loan negotiations, and in several cases the financial inducements appear to have been a decisive factor in the success of the negotiations. On the other hand, refusals to permit loans to be negotiated were on several occasions an important factor in destroying the chances of establishing a favorable alliance or of securing the termination of a hostile one” (Viner, 1929, 447).
World War, the United States provided military and economic assistance to its allies through the Lend-Lease agreement.

Exchanges of heterogeneous goods are prevalent even in more recent periods, although they are often not publicized by alliance members to avoid emotional backlash from the sense of inequity they create. Since the late 1960’s, the United States has sometimes used its alliance with Japan to obtain trade concessions (Stone, 1999). The security-economy linkage is not limited to trade issues, and “the U.S.-Japan security relationship will continue to constrain... the degree of assertiveness with which Japan can confront the United States over any financial issue” (Dwyer, 2000, 117). Even in the Atlantic alliance, at “one juncture the United States hinted that the continuation of the American nuclear guarantee of Europe would depend upon economic concessions from the Europeans” (Mandelbaum, 1981, 168).

The existing literature is mostly concerned with exchanges of military force, but a narrow focus on capability aggregation leads us to ignore a broad range of functions military alliances play in international politics. Although combining military capabilities for defense and deterrence is a very important part of exchanges between allies, alliances also provide their participants with efficiency gains based on comparative advantage, economies of scale, and informational and institutional effects of such exchanges.

**Comparative Advantage**

Irrespective of the absolute productivity, two states can benefit from specializing in the production of goods with which they have a comparative advantage and then trading those goods. Even when one country has an absolute advantage in the production
of every good, it still gains from trade because it is more efficient to concentrate on the state’s strongest areas and exchange the goods with different goods produced by other states.

The same principle applies to the alliance market. Even though the United States has an absolute advantage in many areas, it still gains from the division of labor with its allies. Because the United States has a comparative as well as absolute advantage in military capabilities, it supplies military protection to its allies and in return receives various concessions from them. The United States has also provided its allies with economic concessions (e.g., economic aid, trade concessions), but some of the allies have come to have a comparative—though not absolute—advantage in economic fields as their economies have developed. States like Japan and Germany in the postwar era came to possess disproportionately high comparative advantage in the supply of economic goods because of political constraints on their military postures. Most developed countries share the responsibility of managing international trade and monetary regimes with the United States, and in such fields as developmental assistance, many have contributed more than the superpower, relative to the size of their economies. Boyer (1993) shows that what has been seen as free-riding in Western alliances is actually only one aspect of the division of labor among allies—the United States disproportionately contributes to the alliances militarily, but others have played important roles in foreign aid and monetary cooperation.

We can find a division of labor within military deployment as well, because the principle of comparative advantage works at various levels. In general, the United States
contributes more at air and naval power, while its allies provide ground troops, which are less capital-and-technology intensive. When it is more efficient for logistical reasons, the allies contribute in air and naval force as well; for example, Japan Maritime Self Defense Force developed an extensive cooperation with the U.S. navy in the western Pacific during the Cold War. The division of labor also exists between different stages of military operations; the United States fights a war and the allies work in the postwar reconstruction and peacekeeping phase.  

**Economies of Scale**

Economies of scale are obtained when the cost of production per unit decreases as the scale of production increases. When there is a high fixed cost, or when there is learning by doing, cost per unit decreases as output increases. Efficiency gains do not have to be based on comparative advantage, because a division of labor and specialization can be beneficial even to actors with identical factor endowments when there are economies of scale. Each state benefits from specializing in an area rather than diversifying its resources across fields and failing to take advantage of economies of scale. Naturally, diseconomies of scale (efficiency loss) are also possible in some alliances or fields of allied cooperation (Holsti, Hopmann, and Sullivan, 1973, 22).

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\[^{54}\text{While these divisions of labor are efficient in terms of material costs, they can also become a source of acrimony between allies because asymmetric responsibilities create a sense of inequity: "In many circumstances, allies complain that Washington demands an excessive degree of leadership for the planning and conduct of operations while allies are relegated to second-class roles, collectively leading to the colloquial expression that \textquote{the United States does the cooking and we wash the dishes.}" (Tertrais, 2004, 140).}]

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Perhaps the clearest example of economies of scale is to be found in arms production.\textsuperscript{55} Despite many countering effects, arms industries tend to concentrate in a limited number of states. Having arms industries in one’s home country is good for obvious military-strategic reasons, and it can be also good for the domestic economy because the industries create jobs and spillover effects from research and development. Yet, most countries import arms, especially from their allies. If there were no economies of scale, many would have had more motivation to have their own arms industry. During the Cold War, the United States and the Soviet Union dominated the arms industry not just because of power politics but also due to the economy of scale.

\textbf{Informational and Institutional Effects}

Benefits of exchanges are not limited to those based on comparative advantage and economies of scale. When states exchange goods, they send information to each other and third-parties. Within alliances, exchanges clarify expectations about cooperation, thereby facilitating integration of allied forces and reducing the risk of opportunistic behavior. The more exchanges allies have with each other, the easier it is to coordinate their actions and to detect deviations from the agreed common policy. To those outside the alliance, exchanges signal the allies’ close cooperation and enhance the deterrence of enemies. The more exchanges allies have, the clearer their common interest is to their enemies.

Exchanges not only have informational effects but also create a commitment mechanism. As a division of labor develops, allies become more vulnerable without the

\textsuperscript{55} See Hartley (2006) for an analysis of defense industrial policy in military alliances.
continuation of the alliance. For instance, many American allies depend on the United States for air, naval, and nuclear force, as well as military intelligence. The allies have developed these capabilities less than they would without the alliances, and they would be more vulnerable if American protection was suddenly withdrawn than they would be if they were not allied with the United States in the first place. The United States and its allies also exchanged economic goods with one another for security externalities (Gowa, 1994), and the institutionalization of the exchanges also strengthened the alliance commitments. A division of labor creates mutual dependence, and it makes allies more committed to the continuation of the alliance. This commitment mechanism supplements the contractual aspect of alliances, which in an anarchic world is mostly based on reputation costs. Thus, the commitment mechanism reinforces the deterrence effect of exchanges. The successful history of the North Atlantic Treaty Organization provides us with an excellent example of these informational and institutional effects.  

Exchanges of goods between allies is more than simple giving and taking. Similar to Skalnes’s (2000) discussion of foreign economic policy as strategic instruments, giving goods to one’s ally increases the ally’s loyalty, signals intentions to the third parties, and strengthens the ally. Receiving goods from an ally, besides the obvious benefit, also signals intentions to others and strengthens the capability of the

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56 Sandler and Hartley (1999), however, argue that role specialization within NATO is limited.
alliance. These benefits suggest importance of exchanges between allies on top of the efficiency gains from comparative advantage and economies of scale.

As efficiency gains do not create an extreme division of labor in international trade, they do not make every state allied with every other state either. There are transaction costs in alliance formation, and finding a reliable partner is not easy. Some goods are less tradable than others because they lose value over distance or dependence on foreign states for the goods can make the state vulnerable—and states are particularly sensitive about how they trade military goods. Moreover, alliance commitments are highly rivalrous, and forming one alliance sometimes means giving up another alliance option. Because most states have limited capacity of force projection, the number of potential allies who can supply military force to any given state is fairly limited in the alliance market—consequently, the number of great powers has significant effects on the supply of security in the market.

**CONTRACTS AND RISKS**

**Alliances as Contracts**

Military alliances are contracts where countries commit themselves to each other to exchange goods according to their agreements. Unlike alignments, which are based on coincidence of interest, alliances require commitment. Allies exchange various goods, but they seldom give and take these goods at the same time. Consequently, states always face risks of opportunistic behavior by their allies. An ally may not deliver what it promised (i.e. abandonment), or an ally may bring you a disaster by taking advantage of alliance commitments (i.e. entrapment). The risk of opportunistic behavior threatens the
stable continuation of exchanges and may even prevent the formation of an alliance in the
first place. Only by crafting a good contract can allies reap the benefits of the efficiency
gains from exchanges (e.g., fighting together, collaborative defense industrial policy).

The nature of the alliance market creates a special need for contracts. Unlike in
most of our daily commercial interactions and the majority of international trade, military
allies cannot change partners without serious difficulty. The number of buyers and sellers
in the alliance market is limited, and a state’s alliance options are constrained by the
existing network of commitments. When an alliance is dissolved, states lose what they
have invested in the alliance and efficiency gains obtained through integration. Many
investments states make to support transactions in a military alliance (e.g., adjustment of
diplomatic policy and military strategy) are specific to that particular relation and cannot
be used for other purposes (i.e. asset specificity is high).\textsuperscript{57} Since betrayal by one’s ally is
costly, management of opportunistic behavior is a central part of alliance politics. Oliver
Williamson, a leading scholar of transaction cost economics, has written on use of
hostages as a mechanism for commitment—which we know were commonly used among
military allies—and the following example he refers to also reveals the importance of
commitment to military alliances:

A still earlier example of an effort to craft a credible commitment was recently
unearthed in Mesopotamia. Tablets dated around 1750 B.C. show that curses
were used to deter the breach of treaties. One of these reads as follows: When
you ask us for troops, we will not withhold our best forces, we will not answer

\textsuperscript{57} Alliance is analogous to relational contracting whereas alignment is analogous to normal trade, where
coincidence of interest is sufficient and commitment is not required. According to Williamson (1985),
relational contracting occurs when frequency of transaction is recurrent (as opposed to occasional) and
when investment characteristics are mixed or idiosyncratic (as opposed to nonspecific). Trade of
commodities such as oil requires long-term commitments and resembles military alliances better.
you with evasions, we shall brandish our maces and strike down your enemy...As wasted seeds do not sprout, may my seed never rise, may someone else marry my wife under my very eyes, and may someone else rule my country.

Because states are fully aware of fateful consequences of compliance and noncompliance, they carefully design alliance contracts. Previously, the reliability of military alliances had been considered to be as low as 27% (Sabrosky, 1980) or 23% (Siverson and King, 1980), because these earlier works only observed whether states joined their allies in time of war. With the ATOP dataset, which codes specific obligations of alliance treaties, Leeds, Long and Mitchell (2000) find that alliances are indeed reliable 74.5% of the time; while the previous datasets coded inaction of allies as a violation of alliance treaties, many situations simply did not constitute a casus foederis, a situation that activates alliance obligations.58 Since the contents of alliance agreements have substantial effects on how allies behave, we should expect states to design military alliances with great care, and the analysis of alliances can be linked to the literature on the designs of international institutions (e.g., Lake, 1999; Koremenos, Lipson and Snidal, 2001).

Treating alliances as contracts may seem problematic because of the anarchy of international relations, but my approach is consistent with the development of economic

58 Alastair Smith (1995, 1996) points out selection effects concerning alliance reliability (i.e. a state with an unreliable ally is more likely to be targeted than one with a reliable ally). The interdependence of alliance reliability and occurrence of war creates a sample bias. Leeds argues that targeting effects would be less important once we identify the factors that influence challenger estimates of alliance reliability (2003b, 818). See Leeds (2003a) for roles that specific contents of alliance treaties play in initiation of militarized interstate disputes.
literature on contracting and transaction cost. Alliance treaties are “weak” or “soft” even when compared with other international agreements, and if a state “refuses to come to the aid of another under the terms of an alliance, nothing can force it to” (Baxter, 1980, 3). Contracts, however, can be made self-enforcing, and economic literature has demonstrated various ways in which contracts can be designed to mitigate the problems such as asymmetry of information, opportunism, and uncertainty of the future (e.g., Williamson, 1983, 1985; Hart, 1995; Williamson and Masten 1999; Baker, Gibbons and Murphy, 2002). Therefore, some international relations scholars have recently drawn on transaction cost economics (e.g., Lake, 1999; Weber, 2000) and incomplete contracting theory (Cooley and Spruyt, 2009) to explain various forms of governance in international relations. This dissertation does not directly engage the economics literature, but it suggests that military alliances may provide a fertile ground for theoretical and empirical research for economists, because some of the topics covered in the following chapters are central to the economic theories cited above (e.g., asset specificity and military bases, incomplete contracting and renegotiation of alliance agreements).

There are two major risks associated with alliance contracts—abandonment and entanglement (the current literature mislabels it as entrapment). While abandonment is the result of opportunistic behavior, entanglement is not necessarily so. As I explain in Chapter 4, entrapment should mean the cases of entanglement that are caused by opportunistic behavior.59

**Abandonment and Intra-Alliance Bargaining Power**

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59 Chapter 4 also explains that entrapment should not be equated with moral hazard.
Abandonment is defection by an ally, and “it may take a variety of specific forms: the ally may realign with the opponent; he may merely de-align, abrogating the alliance contract; he may fail to make good on his explicit commitments; or he may fail to provide support in contingencies where support is expected” (Snyder, 1984, 466). 60 From the perspective of the state being abandoned, it is a problem on the benefit side of its alliance. In addition to various case studies on how the fear of abandonment affects international relations (e.g., Mandelbaum, 1981; Snyder, 1984, 1997; Cha, 1999), recent works have shown what conditions affect the risk of abandonment by explaining when states tend to violate their alliance obligations (Leeds, 2003b; Leeds and Savun, 2007; Leeds, Mattes and Vogel, 2009).

As in other human activities such as business and social life, the fear of being abandoned reflects dependence between military allies. Dependence between states is the central variable that explains intra-alliance bargaining power as well as formation, duration, and termination of alliances. 61 Therefore, in chapter 3, I analyze how systemic polarity affects the fear of abandonment. Since systemic polarity affects the availability of alternative allies in addition to relative capabilities, it tells us more about the best alternative to a negotiated agreement (BATNA) of the allies—and consequently, bargaining power of the allies—than their capabilities alone can. 62

Entrapment and Entanglement

60 The concepts of abandonment and entrapment were first developed by Mandelbaum (1981), and popularized by Snyder (1984, 1997). For closely related concepts of buck-passing and chain-ganging, see Christensen and Snyder (1990).
62 On BATNA, see Fisher, Ury and Patton (1981); Odell (2000).
According to Glenn Snyder, entrapment “means being dragged into a conflict over an ally’s interests that one does not share, or shares only partially” (Snyder, 1984, 467). There is usually a tradeoff between measures to reduce the risk of abandonment and entrapment. When a state tries to avoid abandonment by tightening its alliance, it faces an increased risk of entrapment. Conversely, when a state tries to avoid entrapment by distancing itself from its ally, it faces an increased risk of abandonment. This tradeoff is called the secondary alliance security dilemma (Snyder, 1984).

In contrast to the study of abandonment, there is little empirical research on entrapment. This is due to conceptual problems that make it difficult for observers to agree on what constitutes entrapment. Researchers have pointed out that alliances are associated with the spread of war (e.g., Siverson and King, 1979, Christensen and Snyder, 1990), but a state’s participation in its ally’s war does not automatically constitute entrapment. Alliance literature currently does not have a clear consensus on what entrapment means, and there are confusions about the concept. In chapter 4, I point out and correct the conceptual problems of entrapment, and introduce a new term, entanglement. I define entanglement as the process whereby a state is compelled to aid an ally in a costly and unprofitable enterprise because of the alliance. A state could positively desire entanglement for an improved relationship with its ally. As I explain in Chapter 4, the label of entrapment should be more narrowly applied than it currently is. I define entrapment as a form of undesirable entanglement in which the entangling state adopts a risky or offensive policy not specified in the alliance agreement, and the

63 The primary alliance security dilemma occurs during the process of alliance formation, with the formation of one alliance pushing the adversary to form a counter-alliance.
entrapped state has no desire to get entrapped.

THREE ASPECTS OF THE ALLIANCE MARKET

Systemic Polarity

In order to analyze the dynamics of alliance games at the systemic level, I focus on systemic polarity as Kenneth Waltz did for analyzing adversary games (cf. Waltz, 1979). Like Waltz, I define polarity by the number of great powers, because the number has significant effects on transactions in the alliance market. In international politics, only great powers have sufficient military capabilities to affect the system-wide supply of security, and consequently, the price of security—the most important good in the alliance market. My primary focus is on the effects of systemic polarity on the supply side of the alliance market. Although shifts in polarity also affect demand for security because some states face great powers as enemies, the effect is less consistent and less predictable. While demand for security is, for most states, largely determined by local situations, the availability of an alternative security supplier is more directly affected by systemic changes. Since we need to analyze more idiosyncratic factors on the demand side, we get more leverage by focusing on the supply side for the purpose of systemic analysis.

Before the end of the Second World War, there were multiple great powers, and the system was multipolar. During the Cold War, the United States and the Soviet Union were the two great powers, and the system was bipolar. Since shortly before the collapse of the Soviet Union, the United States has been the sole great power, and the system has

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64 For examples of works that operationalize polarity, see Modelski (1974); Rapkin, Thompson, and Christopherson (1979). Schweller (1998) argues that tripolarity deserves a distinctive analytical category.
65 Moreover, the effect of the demand side, which depends on threats that a state faces, has been extensively studied in the previous literature, such as Walt (1987) and Snyder (1997).
been unipolar (Mastanduno, 1997; Wohlforth, 1999, 2002). Chapter 3 develops a model that explains the effects of systemic polarity on allies’ concerns for abandonment and entanglement.

My approach, of course, is not the only way to analyze the systemic dynamics of the alliance market, but it is a reasonable first cut. My goal is not to simply translate what most analysts already have in their mind to the language of economics. Unlike demand for security, supply of security has not received attention in alliance theory, and the literature also lacks a theory about why and how systemic polarity affects alliances even though the effects of polarity on international relations have been studied widely (e.g., Kaplan, 1957; Deutsch and Singer, 1964; Waltz, 1979; Wohlforth, 1999; Buzan, 2004; Ikenberry, Mastanduno and Wohlforth, 2009).

**Conditions of Alliance Obligations**

For the contractual aspect of the alliance market theory, I focus on the problem of entrapment. When studying contractual aspects of military alliances, previous research has almost exclusively focused on the problem of abandonment and commitment (e.g., Sabrosky, 1980; Siverson and King, 1980; Leeds, 2003b; Leeds and Savun, 2007; Leeds, Mattes and Vogel, 2009). Formal contracts raise the cost of defection by increasing the reputation cost for defectors. Making a commitment credible and reliable is a very important role of alliance contracts, but it is not their sole function. Because states have to keep their own promises as well, they are naturally concerned about the contents of alliance agreements. Because no state wants to give a

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66 On the effects of reputation on military alliances, see Miller (2003); and Gibler (2008).
blank check to its ally, states stipulate conditions of their obligations to limit the cost of alliances and prevent opportunistic behavior by their allies.

Chapter 4 analyzes how states design conditions of alliance obligations to limit their liability and prevent opportunistic behavior by their allies. The existing literature on alliances argues that entrapment is a major concern for potential and actual alliance partners, but there are few empirical works on entrapment, partly because the literature lacks a clear consensus on what constitutes entrapment. I point out conceptual problems of entrapment and propose a new concept, entanglement. Then, I argue that states carefully design alliance contracts so that they prevent entrapment while not diminishing the value of alliances by preventing entanglement altogether. Chapter 4 gives strong support to the argument that alliances have important restraining effects on alliance partners (Schroeder, 1976; Weitsman, 2004; Long, Nordstrom, and Baek, 2007; Pressman 2008), and it also illustrates specific institutional measures taken for that purpose.

**Domestic Politics and Intra-Alliance Bargaining**

Under the surface of international transactions in the alliance market, domestic actors pursue their own interests, and their behavior is constrained by political conditions of their country. There are many possible ways to formulate a domestic theory of alliance politics, but I focus on the determinants of intra-alliance bargaining power.

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67 On political leaders’ motivations for alliance and alignment policy, see Barnett and Levy (1991); David (1991); and Levy and Barnett (1992). On the effects of regime types on the choice of allies, see Siverson and Emmons (1991); Siverson and Starr (1994); Simon and Gartzke (1996); Weart (1998); Lai and Reiter (2000); and Leeds, Ritter, Mitchell and Long (2002). There is also a literature on the effect of regime types on the durability (e.g. Gaubatz, 1996; Reed, 1997; Bennett, 1997) and reliability (e.g. Leeds, 2003b; Gartzke and Gleditsch, 2004; Leeds and Savun, 2007) of alliances.
because this is a dissertation about the market of military alliances. The theory should help us explain who gets what for how much and the conditions that govern the exchanges between allies. The systemic analysis in Chapter 3 helps us understand the range of outcomes that are possible in a given international environment, but within this range, the domestic politics of the allies systematically affect bargaining outcomes.

I argue that the presence or absence of effective domestic opposition to an alliance, a leader’s vulnerability, and a leader’s attitude toward an alliance are the three particularly important factors. The presence of effective domestic opposition to an alliance increases a state’s intra-alliance bargaining power by shrinking the win-set of the negotiator, because domestic opposition increases the cost of concessions to an ally. The effect of domestic opposition has been widely studied in international relations literature (e.g., Putnam, 1988; Evans, Jacobson and Putnam, 1993; Fearon, 1994; Schultz, 2001; Howell and Pevehouse, 2007), but Chapter 5 extends the domestic theory of international relations by introducing the effects of a leader’s attitude and vulnerability. Two simple observations tell us much about the effects of the two variables: (1) a pro-alliance leader is more willing to concede to an ally than a neutralist leader is and (2) the ally prefers to have a pro-alliance leader as its partner. A pro-alliance leader has a larger win-set and is more willing to concede to the ally, but the ally also has an interest in conceding to a pro-alliance leader if the concession keeps the more cooperative and less demanding partner in power. A neutralist leader is less willing to concede to the ally and is a tougher negotiator, but the ally also has an interest in undermining the uncooperative leader by withholding concessions. Therefore, a leader’s attitude has two opposite effects,
depending on his or her vulnerability. When a leader of a state is vulnerable, the country’s ally has incentives to make (withhold) concessions to a pro-alliance (neutralist) leader because the ally benefits from propping up (undermining) a pro-alliance (neutralist) leader. When a leader’s hold on power is expected to last, however, the ally does not need to help a pro-alliance leader and has to accept tougher demands of a neutralist leader. The following table summarizes the effects of the three variables on a state’s intra-alliance bargaining power.

Table 2.1. Domestic Politics and Intra-Alliance Bargaining Power

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<thead>
<tr>
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<th>Pro-alliance leader</th>
<th>Neutralist leader</th>
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<tr>
<td>Strong opposition</td>
<td>Moderate bargaining power</td>
<td><strong>Strong bargaining power</strong></td>
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<tr>
<td>to alliance</td>
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<tr>
<td>Weak opposition</td>
<td><strong>Weak bargaining power</strong></td>
<td>Moderate bargaining power</td>
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<td>to alliance</td>
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When a leader is not vulnerable

When a leader becomes too strongly opposed to an alliance, or when domestic opposition to an alliance becomes too strong, the alliance is not feasible. My cases, the U.S. alliances with Japan, South Korea, and Spain, did not experience such extreme situations, but Chapter 5 illustrates the variations in intra-alliance bargaining power as a function of the changes in these domestic explanatory variables.

In the following three chapters, I develop my theory of alliance market in more
detail and test my arguments with the ATOP dataset and case studies. Chapter 3 deals with the fact that there are a limited number of effective security suppliers in the alliance market, and it explains the effects of systemic polarity on alliance politics. Chapter 4 analyzes how states design alliance contracts given that alliance agreements have to be self-enforcing. In Chapter 5, the market theory will be further extended by taking into account the divergent interests of actors within national borders.
Chapter 3: A SYSTEMIC THEORY OF THE ALLIANCE MARKET

The vice to which great powers easily succumb in a multipolar world is inattention; in a bipolar world, overreaction; in a unipolar world, overextension.

Kenneth Waltz, 2000, 13

In the statement above, Waltz succinctly describes the structural incentives for great powers in different international systems. While it sounds intuitive and somewhat reasonable, his proposition makes sense only in terms of structural incentives in adversary games. That is, when put in the context of alliance politics, the vice to which great powers easily succumb in a multipolar world is overreaction; in a bipolar world, overextension; in a unipolar world, inattention.

In this chapter, I develop a systemic theory of military alliances that explains the persistence of numerous Cold War alliances and the high rate of alliance formation in the post-Cold War era, which has taken place without the involvement of or balancing against the United States. Simply put, systemic polarity (i.e. the number of great powers; see Waltz, 1979) reflects the number of significant security suppliers in a system.

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68 See Snyder (1997) for different levels (preparedness, diplomacy, and action) of adversary games and alliance games. For the purpose of this study, “games” simply mean interactions between adversaries or between allies.

69 My focus is explicitly on formal military alliances, though I argue that they have nonmilitary aspects as well. For case selection, I follow the operational definition of the Alliance Treaty Obligations and Provisions (ATOP) dataset; alliances are “written agreements, signed by official representatives of at least two independent states, that include promises to aid a partner in the event of military conflict, to remain neutral in the event of conflict...or to consult/cooperate in the event of international crises that create a potential for military conflict” (Leeds, Ritter, Mitchell, and Long, 2002, 238).
Therefore, systemic polarity, in combination with demand for security, affects the bargaining positions of importers and exporters of security. This chapter also briefly explores the role of non-military goods exchanged among allies, as the supply-demand analysis of security is incomplete without them. The chapter further explains how polarity affects the fear of abandonment and entrapment, and by extension, intra-alliance bargaining. For empirical examination, I pay special attention to unipolarity, the system that we know the least about. The final section of the chapter discusses the theoretical implications of the systemic theory and offers some predictions about U.S. alliances in the long and short terms.

**ALLIANCE MARKET AT THE SYSTEMIC LEVEL**

I conceptualize military alliances as contracts in which states pledge a continuous exchange of goods, at least one of which is the provision of military force but where the others need not be. In other words, the provision of military force is one common good across all exchanges between allies, but it is not the only good in the alliance market, contrary to the assumption of the capability aggregation model. This chapter explains how changes in systemic polarity affect the price and quantity of security produced relative to non-security goods, and my theory is based on the assumption that allies exchange heterogeneous goods with one another. Like international trade, alliances help states obtain efficiency gains from exchanges of goods based on comparative advantage and economies of scale (Boyer, 1993; Hartley, 2006).

When demand for security decreases, all other things being equal, the relative

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70 See Chapters 1 and 2.
price of security decreases (less bargaining power for a security exporter and more bargaining power for a security importer). Similarly, when supply of security decreases, all other things being equal, the price of security increases. In other words, decreased demand for military protection improves the terms of an alliance for an ally that imports military protection, but decreased supply of military protection from other states increases a security-exporting state’s bargaining power. The existing theories of alliances reviewed in the previous chapters, especially those based on the capability aggregation model, focus too much on the demand curve because their central explanatory variable is military threats. According to these theories, the price of security (and the bargaining power of the United States) should have decreased after the end of the Cold War, because there was a leftward shift of the demand curve. The supply curve, however, also shifted toward the left, and I argue that its shift was more significant than that of the demand curve (see Figure 3.1).
In addition to the price of security, we should also pay attention to the quantity of security produced relative to non-security goods. When demand or supply of security decreases, the quantity of security produced declines relative to non-security goods. As will be shown later in this chapter, quantity of security produced has declined in the post-Cold War alliance market although numerous new alliances have been formed in the period.

This chapter explains how the structure of the alliance market influences the transactions between its participants, thereby complementing the intuitive demand and supply analysis of security. Systemic polarity influences how goods are exchanged.
among states, just as the number of sellers and buyers affects commercial transactions. This chapter focuses on military polarity because military force is the most prominent good in the alliance market and also because international relations research has paid special attention to the distribution of military capabilities. Let us, however, look at goods exchanged with military force in the alliance market before we start the systemic analysis of alliance politics.

**Nonmilitary Goods in the Alliance Market**

The importance of nonmilitary goods in alliance politics simultaneously motivates and justifies the market approach. We cannot explain the rationale for asymmetric alliances or understand the variety of exchanges that take place between allies, without taking into account nonmilitary goods in the alliance market. As mentioned in Chapter 2, 38.5% of allied dyad years between 1816 and 2001, one of the alliance partners is more than 10 times stronger than the other (27.2% over 20, and 17.0% over 50)—a disparity that makes the capability aggregation model suspect. Assuming that militarily weak states have less security surplus to export, weaker allies do not have much to contribute in terms of military force and rather drain force from stronger allies. Since the cost of military commitment to a weaker ally can be substantial, stronger states should be reluctant to form an alliance with weaker states for security benefits. We could broadly interpret the capability aggregation model and argue that stronger states form asymmetric alliances for military bases, but as explained in Chapter 2, asymmetric alliances are far more numerous than alliances with basing arrangements. Moreover, if a stronger state is willing to accept a heterogeneous good as payment for military
protection, there is no apparent reason why they refuse to accept nonmilitary goods.

Nonmilitary goods in alliance politics include economic and political concessions, the latter covering both foreign and domestic policy. Ignoring nonmilitary goods is problematic because, in many cases, bargaining for or within an alliance takes more than exchanges of military goods alone. Since wealth and the military capability of a state are significantly correlated in the modern world, a militarily stronger state tends to have comparative advantage in economic fields as well. This leaves political and asymmetric military concessions (e.g. provision of military bases) as more likely options for weaker states.\textsuperscript{71} During the Cold War, most U.S. allies received military protection and economic support from the United States while they supplied military bases and political concessions to the superpower. Sometimes, it was the smaller ally that provided military goods (albeit in the forms of military bases) in pursuit of economic and political goals. Franco’s Spain after the Second World War, for instance, pursued an alliance with the United States to break out of political isolation and to obtain economic assistance (Calvo-Gonzalez, 2006; Chislett, 2005a; Viñas, 2003; Whitaker, 1961). Similarly, Japan’s decision to ally with the United States was significantly affected by its desire for economic aids and access to the international market, and the negotiation for the alliance was inextricably linked with one for the end of U.S. occupation (Sakamoto, 2000). When

\textsuperscript{71} The two-goods model in Figure 1.4 is obviously a simplification, and states exchange a variety of goods. Given the military might of the United States, it could also be argued that many industrialized allies of the United States came to possess comparative (though not absolute) advantage in economic fields. Some countries such as Japan and Germany in the postwar era came to possess a disproportionately high comparative advantage in the supply of economic goods because of political constraints on their military postures. For instance, West Germany supported the US dollar during the 1960s, “helping in effect to finance the US war effort in Vietnam, and it was one of the largest contributors to South Vietnam economically” (Colman and Widen, 2009, 491). On alliance politics of smaller states, see Reiter and Gartner (2001).
the provision of military force has political significance, as in the cases of the American-led coalitions in Vietnam (Blackburn, 1994; Colman and Widen, 2009) and Iraq (Newnham, 2008), the militarily stronger power sometimes exchanges economic goods for military force.

Analysis of nonmilitary goods is a departure from traditional research on military alliances but a necessary step to advance alliance theory. Typically, a military threat causes alliance formation by creating demand for military protection. Against the majority of the existing literature, however, I argue that not all alliance partners need to share the military threat. A state in need of military protection can buy an alliance by providing military, economic, or political concessions to another state. To return to the case of the Anglo-Portuguese alliance, when Charles II returned to England at the time of the Restoration in 1660, the king was expected to ally with Spain but instead entered into an alliance with the rebellious, then-Spanish province, Portugal. Charles II’s move was interpreted, both by his contemporaries and many historians, as joining Louis XIV of France, who was supporting Portugal against Spain. A close look at the formation of the alliance, however, reveals that Charles’s decision was based on the financial and commercial benefits offered by the Portuguese rather than considerations of England’s relationship with Spain and France (Belcher, 1975). The Portuguese literally bought their alliance with England, and Charles II’s behavior shows the importance of nonmilitary (and a leader’s personal) motivations for alliance formation. In a similar vein, the continuation of an alliance does not necessarily require the continuation of the threat that

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originally motivated the formation of the alliance, because the allies can always adjust the terms of the alliance by altering what they exchange. Leeds and Savun (2007) find a result that supports this view; namely, that linkages to other issues reduce the risk of alliance termination by violation. In their estimate, alliance agreements that include provisions for nonmilitary cooperation are 61% less likely to be abrogated opportunistically.

The early years of the unipolar period coincided with the economic boom in the United States. The effects of systemic polarity discussed below were reinforced by the relative lack of needs for nonmilitary goods on the part of the United States. The global economic crisis that began in 2008 will change the picture by increasing the demands for various economic goods in the alliance market.

**Effects of Polarity**

Systemic polarity influences how goods are exchanged among states, just as the number of sellers and buyers affects commercial transactions. In a multipolar system, a state can satisfy its demand for military protection through many alliance options. In a bipolar system, a non-great power facing a threat could potentially count on either or both of the two great powers, and at least one of them if refused by the other. Although few U.S. allies would have considered switching camps during the Cold War, the United States had to keep the price of its commitment low when the Soviet Union was around. Now that there exists only one great power, a non-great power has less bargaining power

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Snyder (1997, 18); the international system was multipolar until the end of the Second World, a bipolar era follows through 1989, and a unipolar era thereafter. For examples of works that operationalize polarity, see Modelski (1974); and Rapkin, Thompson, and Christopherson (1979).
One of the most contentious issues in recent international relations literature, the lack of balancing against the United States in the current unipolar system, is not particularly puzzling or surprising from the perspective of this dissertation (cf. Ikenberry, 2002). The shift from bipolarity to unipolarity gives the United States advantages in the alliance market by increasing its relative capability and reducing the attractiveness of alternative allies; the lack of balancing against the United States simply reflects the sole superpower’s position in the new structure of this market. These advantages also explain the increasing use of coalition building in U.S. foreign policy. The use of ad hoc coalitions in lieu of formal alliances resembles the use of part-time workers in place of full-time employees. When the alliance market favors the employer (the United States), it can attract employees (junior partners) without making formal alliance commitments. As the United States came to almost monopolize the security market with the end of the Cold War, it raised the price and reduced the supply of its formal alliance commitment. Thus, we see neither counter-alliances against the United States nor new alliances formed by the United States in the unipolar system.

My focus on polarity, which is usually associated with military capabilities, might seem contradictory to my emphasis on the exchanges between allies. My approach, however, is consistent because the actual or potential provision of the military force by at least one party is part of my definition of military alliances. Polarity affects the supply patterns of military force, the most important good in the alliance market. During the
Cold War, Japan became economically stronger than the Soviet Union but never constituted a pole. Saudi Arabia is a pole in the oil market but is not one in the international system or in the alliance market. Among the variety of goods allies exchange, military force is the most appropriate good to build my theory on, and the simplification does not negate the utility of the exchange model.74

Systemic polarity (i.e. the number of great powers) affects alliance politics because it is related to the relative capabilities of actual and potential allies and also to the number of potential security-suppliers. Let me address the latter point first because it is simpler and more intuitive.

**Number of Security-Suppliers**

In the alliance market, we can effectively consider the number of poles to be the number of security suppliers. The number of states who can supply security to any given state is fairly small because most states have limited capacity of force projection and most states do not have sufficient military force to make a difference. When a state is facing only a weak enemy, its neighboring states may be able to supply sufficient security, but military protection by a great power is more effective and often the only effective protection if the enemy is allied with a great power. In any case, the larger the number of poles, the larger the number of potential security suppliers for any given state.

As the number of poles increases, importers of security have more options to choose from, and bargaining power of great powers vis-à-vis non-great power allies

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74 The United States supplies military protection to both Japan and Saudi Arabia, while the latter two supply different goods to the United States. Saudi Arabia is not a formal ally of the United States according to the ATOP dataset.
decreases. In unipolarity, non-great powers have nowhere else to turn but to the unipole for effective military protection, and the bargaining power of the unipole is extremely strong. The bargaining power of two superpowers in a bipolar system, however, is not stronger than that of great powers in a multipolar system. This is because great powers in a multipolar system export security to fellow great powers while two superpowers in a bipolar system are not likely to export security to each other (see Figure 3.2).

Figure 3.2. Polarity and Exports of Military Protection

In a bipolar system, the most significant external threat to a superpower is likely to come from the other superpower, and importing military protection from the source of threat does not make sense. Collusion between bipolar powers is theoretically possible, but
they still do not need to import active military protection because they only need a passive form of security from each other (i.e. non-aggression). In contrast, great powers in a multipolar system actively export and import security among them, and non-great powers as importers of security are less important than in a bipolar system. Therefore, I argue that the bargaining power of bipolar powers vis-à-vis non-great power allies is weaker than that of multipolar powers. As I will explain later, this argument becomes even stronger when we assume that two superpowers in a bipolar system cannot collude.

Systemic polarity is not only about the number of security suppliers but also about their sizes. Albeit loosely, systemic polarity reflects the relative capabilities of actual and potential allies, especially those of great powers (e.g., a unipolar power is stronger than either of bipolar powers). I explain the effects of relative capabilities on alliance politics with reference to polarity, because systemic polarity gives us a concise description of systemic distribution of power, which is hard to describe in simple ways unlike dyadic relative capabilities.75

**Relative Capabilities and Fear of Abandonment and Entrapment**

The following analysis is based on two simple arguments about bargaining power of alliance partners and explains the effects of systemic polarity on the fear of abandonment and entrapment. First, other things being equal, the more powerful a state is, the more attractive it is as an alliance partner, because powerful states have more capacity to supply goods. Second, other things being equal, a state has more bargaining power vis-à-vis its ally when it has more attractive—not just more numerous but also

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75 Another simple way to describe the systemic distribution of capabilities is to focus on the concentration of capabilities. On capability concentration and polarity, see Wayman (1984) and Mansfield (1993).
larger—suppliers of goods outside the alliance. The previous section focused only on the number of potential security suppliers and did not explain how the relative capabilities of allies affect their relationships with each other and other states. Systemic polarity not only summarizes the number of security suppliers but also the distribution of capabilities. In addition to the reasoning given in the previous section, polarity affects the bargaining power of a state because relative capabilities matter within alliances and with respect to the attractiveness of alternative allies.

States obtain efficiency gains from participating in the alliance market, but they face the risk of abandonment and entrapment in doing so. Because alliance politics are largely made of states’ reactions to the risks, I analyze how the number of great powers affects the fear of abandonment and entrapment. Abandonment is defection by an ally, and “it may take a variety of specific forms: the ally may realign with the opponent; he may merely de-align, abrogating the alliance contract; he may fail to make good on his explicit commitments; or he may fail to provide support in contingencies where support is expected” (Snyder, 1984, 466). On the other hand, entrapment “means being dragged into a conflict over an ally’s interests that one does not share, or shares only partially” (ibid, 467). Thus, from the perspective of the state being abandoned or entrapped, these problems represent malfunctioning of the alliance in the benefit and cost sides, respectively.76 As in other human activities, such as business and social life, the fear of being abandoned is a function of mutual dependence between military allies. Therefore,

76 These concepts were first introduced by Mandelbaum (1981) and popularized by Snyder (1984, 1997). For closely related concepts of buck-passing and chain-ganging, see Christensen and Snyder (1990).
the fear of abandonment is directly related to intra-alliance bargaining power; namely, an ally with less fear of abandonment has more bargaining power.\textsuperscript{77} I also analyze the fear of entrapment, because states balance the fear of abandonment and entrapment, and there is usually a trade-off between measures to correct the two problems (Snyder, 1984, 1997). States adjust the risks of abandonment and entrapment through the designs of alliances (e.g., commitment mechanisms to reduce the risk of abandonment, conditional activation of alliance obligations to reduce the risk of entrapment), but my analysis here is still relevant in determining the original risk levels.

Fear of Abandonment can be defined as follows:

\[ FA = (\text{probability of abandonment}) \times (\text{cost of abandonment}) - (\text{probability of getting an alternative ally}) \times (\text{likely benefit of an alternative alliance}) - (\text{self-reliance}) \]

The following tables show positive or negative relationships between the key factors. For the structural analysis, the relevant factors are the shares of the total system power occupied by the state and its ally.\textsuperscript{78} When we think of what determines the attractiveness of a state as an ally and the purchasing power of a state in the alliance market, its capability and interest are the primary factors, but the latter is very difficult to generalize and depends more on what happens inside states. Thus, I use the distribution of

\textsuperscript{77} By illuminating the structure of dependence among actual and potential allies, the model not only explains intra-alliance bargaining power but also has implications for formation, duration and termination of alliances. The model explains, for example, how systemic polarity affects great powers’ willingness to extend or retain commitments.

\textsuperscript{78} On the importance of the distribution of capabilities and the number of great powers, see Waltz (1979).
capabilities to explain the properties of the alliance market. To be sure, this model does not address all variables relevant to the fear of abandonment and entrapment, but it provides a simple framework on which we can base our conjecture about the differences of the fear across states and across systems. The systemic model provides us with only a partial answer to how alliances work, but it is nevertheless useful. As in commercial markets, who buys what from whom for how much is determined by many factors, such as the nature of goods and locations of stores, but the number and sizes of buyers and sellers are very important as well.

The first component consists of the probability of getting abandoned and the cost of abandonment.

Table 3.1. Probability and Cost of Abandonment

<table>
<thead>
<tr>
<th>Probability of getting abandoned</th>
<th>Cost of getting abandoned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power share of the state</td>
<td>-</td>
</tr>
<tr>
<td>Power share of the current ally</td>
<td>+</td>
</tr>
</tbody>
</table>

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79 It should be noted that my model does not restrict the goals of alliances, unlike the capability aggregation model, in which the capabilities are combined for deterrence or defense. Capabilities in the model reflect resources of potential allies, who exchange a wide variety of goods to obtain efficiency gains.

80 Other variables include, but are not limited to, how much allies care about their reputation, tightness of an alliance, and the terms of an alliance. For effects of reputation on alliance, see Miller (2003) and Gibler (2008).
The larger a state’s power share is, the less likely it is to get abandoned, because it has more resources for satisfying its ally. Meanwhile, the state’s power share is not related to the cost of getting abandoned; although a weak state suffers relatively more, I consider it to be a problem of self-reliance. The stronger a state’s current ally is, the more likely the state is to get abandoned, because the ally is more difficult to satisfy. Because a state is more dependent on its alliance when its ally is stronger, the cost of getting abandoned and the ally’s power share are positively correlated. For analytical purpose, it is useful to distinguish the vulnerability caused by the alliance, which is related to the cost of abandonment, from the vulnerability inherent in a state’s inability to supply everything it needs (i.e. the problem of self-reliance). As trade ties create dependence on trade partners, alliances also make states more vulnerable without them. The larger the exchange partner is, the more costly the severance of their ties (i.e. abandonment) is.

The second component consists of the probability of getting an alternative ally and the likely benefit of the alternative alliance.

Table 3.2. Probability of Getting an Alternative Ally and Its Likely Benefit

<table>
<thead>
<tr>
<th>Power share of the state</th>
<th>Probability of getting an alternative ally</th>
<th>Benefit of an alternative alliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power share of the current ally</td>
<td>-</td>
<td>N/A</td>
</tr>
</tbody>
</table>

71
The probability of getting an alternative ally is higher for stronger states, because their larger resources help attract a potential ally. The current ally’s power share, on the other hand, is negatively correlated with the probability of getting an alternative ally, because the current ally can obstruct one’s search for a new ally. If the new alliance is sought to complement the current one, stronger allies can help one’s search. Since the new alliance in this context is meant to substitute the current alliance, however, power of the current ally actually hinders the search. It is difficult to say what effects the power shares of the state and its current ally have on the likely benefit of an alternative alliance, although they should have a weak negative correlation with the benefit because there is less power left in the system for a new alliance when the members of the current alliance have larger shares (i.e. an alternative ally cannot have a power share larger than the system total minus that of the alliance).

The third component consists of self-reliance, that is, how much a state satisfies its needs with its own supply.

Table 3.3. Self-Reliance

<table>
<thead>
<tr>
<th>Power share of the state</th>
<th>Self-reliance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+</td>
</tr>
</tbody>
</table>
In general, the larger a state’s power share is, the more the state can rely on itself for whatever goods it needs (e.g. military force, natural resources, and markets for its products).

Fear of Entrapment can be defined as follows:

$$FE = (\text{probability of entrapment})^* (\text{cost of entrapment})$$

<table>
<thead>
<tr>
<th></th>
<th>Probability of entrapment</th>
<th>Cost of entrapment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power share of the state</td>
<td>-</td>
<td>N/A</td>
</tr>
<tr>
<td>Power share of the ally</td>
<td>+</td>
<td>N/A</td>
</tr>
</tbody>
</table>

It is not meaningful to discuss the cost of entrapment in terms of the factors above, because the cost is primarily determined by the nature of the event with which a state is entangled, and by how divergent the interests of the allies are. Yet, we can still discuss systematic effects of the factors on the probability of entrapment.

I argue that the larger a state’s power share is, and the smaller the ally’s power share is, the less likely the state is to become entrapped. It is commonly argued that larger states fear entrapment while smaller states fear abandonment (e.g. Cha, 1999; Morrow, 2000), but this is actually a strange proposition. First, larger states have more capacity to refuse entrapment and coerce smaller states into entrapment. Second, larger

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81 Information about the allies alone explains much about the cost of abandonment, whereas the cost of entrapment largely depends on actors or events outside the alliance. Timing and circumstances matter for both problems, but “By whom?” is the important question for the cost of abandonment, and “Into what?” matters most for the cost of entrapment.
states have better control of the overall situations outside the intra-alliance relationship. Third, smaller states tend to be more dependent on their allies, and the dependence makes entrapment more likely. In short, larger states should be more successful in entrapping their allies than smaller states are; hence, there is a greater fear of entrapment for smaller states. There are two reasons for the popular (and yet misleading) perception that larger states fear entrapment more. First, as Glenn Snyder (1984, 1997) shows, states balance the fear of abandonment and entrapment. Larger states have more room for worrying about entrapment, because they worry less about abandonment than smaller states do. This, of course, does not mean that the actual risk of entrapment is higher for larger states than for smaller states. Second, the literature on entrapment has mostly focused on military affairs. Larger states worry about military entrapment because they supply military protection to their smaller partners. Smaller states, however, have more reasons to worry about entrapment in general than larger states do. Although smaller states may lack military resources to be exploited, they are more likely to be dragged into an undesirable situation by their allies.

**Inter-System Comparison for Symmetric and Asymmetric Alliances**

Now, let us compare the fear of abandonment and entrapment in different systems, along with a comparison of symmetric and asymmetric alliances. Symmetric allies—both great powers or both non-great powers—have roughly equal concerns for both abandonment and entrapment, hence, roughly equal bargaining power. On the other hand, in asymmetric alliances, a great power, compared with its non-great power ally, is less likely to get abandoned, facing less cost from abandonment, more able to get an
alternative ally, and more self-reliant. A great power in an asymmetric alliance also has less fear of entrapment than its ally does.

Most of the time, systems with a larger number of great powers have weaker great powers, on average, than systems with a smaller number of great powers. Polarity, in other words, is not only about the number of security suppliers but also about the relative sizes of suppliers and consumers. Then, polarity should affect asymmetric and symmetric allies in the following ways.

*Fear of Abandonment in Asymmetric Alliances*

Overall, as the number of poles increases, a great power in an asymmetric alliance worries more about abandonment, while a non-great power worries less. For a great power in an asymmetric alliance, as the number of poles increases, the probability of getting abandoned on average increases, because a great power’s average power share decreases as the number of poles increases. The cost of getting abandoned decreases, but the probability of getting an alternative ally decreases and self-reliance becomes more difficult. For a non-great power in an asymmetric alliance, as the number of poles increases, the probability of getting abandoned decreases, as does the cost of getting abandoned. The probability of getting an alternative ally increases, because the great-power ally’s capacity to prevent realignment declines. Thus, a great power in an asymmetric alliance worries more about abandonment as the number of poles increases, while a non-great power worries less. This means that intra-alliance bargaining power becomes more equal as the number of poles increases.
This result is, in part, contradictory to a widely held view in the literature, namely, that smaller powers have less fear of abandonment (Snyder, 1997) and more bargaining power with their patrons in a bipolar system than in a multipolar system (Keohane, 1971; Risse-Kappen, 1995; Harrison, 2003). The gap between the model and the standard argument comes from a neorealist assumption that two superpowers in a bipolar system do not ally with each other. Glenn Snyder justifies the assumption as follows: “the two superpowers will always be rivals, never allies, so long as they are superpowers. The sufficient reason for this is that there is no other state in the system powerful enough to threaten either one and thus to provide an incentive to ally” (1997, 19). When we prohibit all great powers from being in the same camp, great powers in a bipolar system are put at a special disadvantage, because they have to forsake a large portion of power share left in the system for an alliance (i.e. they cannot ally with the other superpower, while that is irrelevant for a unipolar power, and great powers in multipolar systems can ally with other great powers except for one). A loss of a non-great-power ally is a relatively minor problem for a great power. With the neorealist assumption, however, the minor loss is more important in a bipolar system, because the loss is not readily recovered by an alternative alliance, and the loss is most likely a gain for the other great power. Conceivably, this is the reason for the standard argument. When a great power has more fear of abandonment—in the case of bipolarity, because a

82 Another popular argument is that alliances are fluid in a multipolar system and rigid in a bipolar system (Waltz, 1979; Duncan and Siverson, 1982). The following discussion is consistent with this view in that great powers in a bipolar system have incentives to tighten their alliances.

83 It does not have to be true, but it was historically true for the United States and the Soviet Union. The assumption would have been more problematic, for example, if we had a U.S.-UK bipolarity.
great power has limited alliance options—in an asymmetric alliance, it would tighten its alliance, and its small partners would have less fear of abandonment and more bargaining power; hence, the small powers have more influence in a bipolar system.

_Fear of Abandonment in Symmetric Alliances_

Polarity does not shift intra-alliance bargaining power in symmetric alliances, because it affects the allies in a similar way. For a great power in a symmetric alliance, as the number of poles increases, the probability of getting abandoned does not change, the cost of getting abandoned decreases, the probability of getting an alternative ally does not change, and self-reliance becomes more difficult. For a non-great power in a symmetric alliance, as the number of poles increases, the probability of getting abandoned does not change, and neither does the probability of getting an alternative ally. Overall, in symmetric alliances, shifts in polarity do not have clear effects on the fear of abandonment, aside from the effects of the number of security suppliers.

_Fear of Entrapment_

Symmetric allies have roughly equal concern for entrapment. In asymmetric alliances, as explained above, a great power is less likely to get entrapped than a non-great power. While polarity does not affect concerns for entrapment in symmetric alliances, it has predictable effects in asymmetric alliances. In asymmetric alliances, as the number of poles increases, the gap between a great power and a non-great power is

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84 To the extent that the new pole is available as an alliance option, the probability of getting abandoned and the probability of getting an alternatively ally increase for both partners in the existing alliance. This point, however, is more closely related to my discussion of the number of security suppliers than to the effects of relative capabilities.
reduced. Therefore, asymmetric allies have more and more equal concerns for entrapment as the number of poles increases.\textsuperscript{85}

\textit{Implications of the Model}

Within individual alliances, states adjust the risk of abandonment and entrapment by various institutional mechanisms (e.g., stationing troops in allies’ territories, integrated command), but my systemic argument explains the sources of these concerns before the adjustment takes place. Even if institutional forms of alliances explain a great deal of the variation in the fear of abandonment and entrapment, we still need to identify the effects of systemic and domestic factors in order to understand why certain arrangements were made in an alliance.

To sum up the analysis so far, changes in systemic polarity affect the fear of abandonment and entrapment by altering the relative capabilities of the allies and the availability of an alternative ally. On average, as the number of poles increases, power left outside any particular pair of allies increases, and self-reliance also becomes more difficult even for great powers.\textsuperscript{86} For the current purpose, the most important points are that \textit{a great power, in general, loses intra-alliance bargaining power vis-à-vis its lesser allies as the number of poles increases, and that two great powers in a bipolar system are at a special disadvantage}, because they cannot ally with each other.

\textsuperscript{85} This, along with my analysis of the fear of abandonment, is consistent with Stephen Walt’s following argument as far as asymmetric alliances are concerned: “For great powers, in short, the abandonment/entrapment dilemma will be most intense under multipolarity, somewhat diminished under bipolarity, and least worrisome under unipolarity” (Walt, 2009, 98-99). As discussed earlier, however, my model, with the neorealist assumption, predicts that great powers fear abandonment by lesser powers more in bipolarity than in multipolarity.

\textsuperscript{86} This is not true for the new polar powers, but we should focus on the changes in the dyadic relationship (from symmetric to asymmetric, or from asymmetric to symmetric) rather than the systemic change when one of the alliance members is the new pole.
These general points explain basic characteristics of different systems. For instance, a great power in a multipolar system has to be sensitive about other states’ alliance policy. A state has more options in a multipolar system, but so do its allies, including the great-power allies, who can make a big difference. In contrast, alliance politics in a bipolar system tends to be less fluid because every state has fewer options for security suppliers, and especially because the two superpowers have a stable alliance policy—the bipolar powers try to extend their commitment wherever they can and try to retain the existing alliances, because they do not have good alternatives. Because neither of the two great powers would replace their allies with the other giant in the system, and because the two great powers tend to tighten their alliances, other states have less need to worry about abandonment and have more leverage over their patrons. Finally, in a unipolar system, the single superpower has huge advantages in alliance games, because it has the least fear of abandonment and entrapment. When a state has little fear of abandonment, it can demand more from its allies. When a state has little fear of entrapment, it can pursue alliance policies that are risky vis-à-vis third parties (e.g., NATO expansion to the east). The sole superpower’s bargaining power is strong, and it becomes reluctant to extend or retain alliance commitments while other states work hard to be allied with the unipole. Because the sole superpower has very little structural constraints, its alliance policy can become haphazard. U.S. foreign policy in the unipolar era, therefore, is characterized not only by weak restraints in adversary games but also in alliance games.\(^7\) Thus, in the context of alliance politics, the vice to which a great power

\(^7\)This certainly depends on the situational contexts. For example, certain U.S. allies may prove to be
easily succumbs in a multipolar world is overreaction; in a bipolar world, overextension; in a unipolar world, inattention.

Because the model analyzes the source of intra-alliance bargaining power in terms of the fear of abandonment, it has important implications for the termination, duration and formation of alliances. For instance, the model suggests that terminations of alliances would be abrupt and radical in a multipolar system. In the fluid alliance market of a multipolar system, states can change their course of foreign policy more radically, and they have incentives to preempt other states’ betrayal. Because states tend to be sensitive about each other’s alliance policy in a multipolar system, their alliance policy can become hyper-reactive and cause a decisive realignment. In extreme cases, such realignments lead to war between allies.

\textit{Hypothesis 1: Other things being equal, allies in a multipolar system are more likely to fight each other than in a bipolar or unipolar system.}

The model also suggests that alliances, especially great powers’ alliances with non-great powers, are more durable in a bipolar system than in a multipolar system, because great powers have more incentives to retain their allies under bipolarity. Termination and duration of the unipolar power’s alliances are hard to predict, because the unipole can make arbitrary decisions. Moreover, two opposite forces are working in a unipolar system. While the unipole is reluctant to continue its commitment, its allies are willing to pay more to retain the sole superpower’s commitment. In a transition to important suppliers of goods which the United States needs for fighting the “War on Terror” (Byman, 2006).
unipolarity, therefore, either continuation or termination of the unipole’s alliances is consistent with my theory—what my theory explains is who becomes willing to pay more. Thus, I focus on the difference between multipolarity and bipolarity in the following hypothesis.

_Hypothesis 2: Other things being equal, alliances are more durable in a bipolar system than in a multipolar system._

The same prediction can be derived from the conventional wisdom that alliances are fluid under multipolarity and rigid under bipolarity (Waltz, 1979; Duncan and Siverson, 1982; Snyder, 1997), but the reasoning is important, especially as we make predictions about other aspects of alliance politics. Hypothesis 2 is based on the deductive argument developed earlier, and alliances are more durable under bipolarity because the two great powers’ bargaining position is weak. Waltz (1979) observes the rigidity of alliances under bipolarity but argues that two great powers in a bipolar system do not worry about lesser allies’ policy because they do not matter in the central balance of power. In contrast, the allegiance of non-great powers are important in my theory, where great powers need customers for the military protection they export. When Snyder states that “the allegiance of allies is hardly in question” under bipolarity (1997, 196), he assumes that both great powers and non-great powers are constrained by the systemic constraints. In my model, bipolarity’s systemic constraint is only on the two great powers, who have to compete for the lesser allies’ loyalty because they lack good alternatives. Lesser allies during the Cold War indeed had clear alliance policy, but this clarity was not due to the
number of great powers. Western states were loyal to the United States because they preferred U.S. military protection over the Soviet alternative, and Eastern European states were “loyal” to the Soviet Union because that was the only option available to them. In other words, the quality of the product and the location of the suppliers shaped the incentives for the non-great powers whereas the number of suppliers influenced the great powers’ policy.

With respect to alliance formation, the model predicts that alliances are likely to be formed without the involvement of the sole superpower in a unipolar system. Because the unipolar power is reluctant to extend its alliance commitment and because the price of an alliance with the unipole is expensive, lesser powers have to form alliances with one another. In contrast, superpowers in a bipolar system are willing to extend their commitments to lesser powers because of their limited alliance options. Thus,

\[ \text{Hypothesis 3: Other things being equal, proportionately speaking, a great power offers the smallest number of alliance commitments in a unipolar system and the largest number in a bipolar system.} \]

To put it differently, the supply curve for a great power’s alliance commitment is furthest toward the right under bipolarity and toward the left under unipolarity. In a multipolar system, great powers compete as suppliers, but the supply of alliance commitment for non-great powers is limited, because a large part of alliance transactions under multipolarity is between great powers. Hypothesis 3 should hold whether or not the

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88 Snyder considers lesser allies to be constrained by bipolarity, because he assumes that bipolarity leads to bipolarization: “the confrontation between superpowers” in a bipolar system “tends to homogenize the interests of the allies clustered around each pole” (1997, 349).
supply of security declined more than the demand for security as the international system shifted from bipolarity to unipolarity. If demand declined more than supply, the price of U.S. security commitment would be lower, but the unipole still would have fewer alliance ties because other states demand such ties less and the quantity of security supplied would be lower.

With respect to bargaining power of allies, we can derive the following general hypothesis from the systemic model and the section on the number of security suppliers.

*General Hypothesis: On average, the bargaining power of a great power in an asymmetric alliance is the strongest in a unipolar system, weaker in a multipolar system, and weakest in a bipolar system.*

Of course, the assumption of other things being equal does not hold in reality. For instance, the advent of unipolarity coincided with the demise of the Soviet Union and a significant decline in demand for security. This is a problem when we focus on the quantity of security produced, because we cannot clearly separate out the effect of reduced supply from reduced demand. However, evidence of higher price for security gives additional support to my argument because reduced demand should lead to lower price unless supply declined even more.

The United States became more unilateralist after the Cold War not just because it became the unipolar power in “adversary games” but also because it turned into the unipolar power in “alliance games” (Snyder, 1997). Given the relatively peaceful international environment in the post-Cold War era, what really affected American foreign policy was the attractiveness of the United States in the alliance market rather
than its power to bully adversaries. Unipolarity in adversary games (i.e. being potentially the biggest bully) may trigger balancing from other states, but unipolarity in alliance games seems to create a very different dynamic, as will be explained in the empirical section. Table 3.5 summarizes the preceding analysis.

![Table 3.5](image)

Because observing intra-alliance bargaining power is the most difficult task and because we know the least about a unipolar system (Kaplan, 1957; Waltz, 1979; Ikenberry, Mastanduno and Wohlfthor, 2009), the empirical section of this chapter focuses more on the effects of unipolarity than those of multipolarity and bipolarity. From the general hypothesis on the bargaining power and systemic polarity, we can derive the following hypotheses, assuming that other factors (most importantly, demand for security) do not change too drastically.

Because the single great power has a huge advantage in the unipolar alliance
market, it can raise the price or reduce the supply of its export, military commitments.

*Hypothesis 4: Other things being equal, when the international system becomes unipolar, the single great power reduces its commitment to the existing and potential allies.*

The quantity of military commitment provided by a great power should decline under unipolarity, and the price of the alliance commitment should increase unless the demand declines more than the supply. The observable implications of this hypothesis would be reduced troop levels committed to the defense of the allies, reduced military and economic aid to the allies, and a lower level of alliance commitment promised to new allies.

Meanwhile, other states try to retain or buy an alliance with the unipole, even for an increased price, and they also actively seek new allies, who now have a relatively cheap price.

*Hypothesis 5: Other things being equal, when the international system becomes unipolar, non-great powers increase their commitment to the existing and potential allies.*

Assuming that the demand for the unipole’s commitment does not decline more than the supply, the price other states pay to the unipole should increase. We should observe increased concessions to the unipolar power in military, economic, and political affairs, and we should also find active exchange of these goods among non-great powers (i.e., active alliance formation), who cannot afford to buy the unipole’s commitment.

The increased bargaining power of the unipole should also affect arrangements
of its alliances, to the direction that favors the sole superpower.

*Hypothesis 6: Other things being equal, when the international system becomes unipolar, the single great power removes restraining arrangements with its allies.*

Increase in unilateral policies by the unipole in general would be evidence for this hypothesis, but I focus on one particularly important arrangement between military allies, that of military bases. Bases on allies’ territories are specific assets for basing countries (usually great powers), although they may not be so for hosting countries. When an alliance dissolves, the investment made for the bases is wasted and cannot be used for alternative purposes. This creates an incentive to continue the alliance, and this incentive is different from trip-wire effects and commitments, which are about reliability in wartime rather than continuation of an alliance in general. The unipole can forgo such restraining arrangements because it has a strong bargaining advantage.

**EMPIRICAL EXAMINATIONS**

Before discussing the behavioral changes caused by the advent of unipolarity, let us examine the differences in the properties of multipolar, bipolar, and unipolar systems.

I argue that the terminations of alliances are most abrupt in a multipolar system, where states have the maximum flexibility in choosing their allies. Abruptness or radicalness of alliance realignment is difficult to measure quantitatively, but we can observe the most extreme form of alliance termination, intra-alliance war. Given the

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89 On asset specificity, see, for example, Williamson (1985); Lake (1999); and Weber (2000).
fluidity of the alliance commitments under multipolarity, I expect the system to have the highest frequency of war between allies.

*Hypothesis 1: Allies in a multipolar system are more likely to fight each other than in a bipolar or unipolar system.*

When we examine how alliances end, approximately 10.1% (52/513) of alliance membership terminations under multipolarity is attributable to intra-alliance war, whereas only 3.5% (13/373) during the Cold War and none (0/165) between 1990 and 2003 ended in intra-alliance war. One could argue that changes in the norms about alliances and war caused the decline of intra-alliance war, but the normative transformation may well be related to the shift of polarity itself. In any case, a simple probit analysis demonstrates that the effect of multipolarity is significant even when we control for the effect of the long term trend toward a more peaceful international relations. Controlling for the year of termination, the probability of intra-alliance war is 4.3 times higher under multipolarity. A broader interpretation of intra-alliance conflict gives us similar results; approximately 20.9% (107/513) of alliance memberships that ended under multipolarity, 9.7% (36/373) under bipolarity, and none (0/165) between 1990 and 2003 were terminated because of a policy dispute regarding alliance management, intra-alliance military conflict, or a violation of an alliance obligation (TERMCAUS=5,6, or 8 in the ________________

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90 The intra-alliance peace under unipolarity broke down when Russia and Georgia, both members of the Commonwealth of Independent States, fought South Ossetia War in 2008.
91 For instance, through a content analysis of alliance treaties, Raymond and Kegley (1990) found that alliance treaties were interpreted to be more binding when military capabilities were concentrated.
92 I used Clarify for the calculation (Tomz, Wittenberg, and King, 2001). Alliances that are still in effect are excluded from the analysis, and the number of observation is 1053. The 95% confidence interval for the probability change is between 2.6 times and 6.1 times. The effect of multipolarity remains significant with additions of other control variables such as capability, democracy, ratification requirement, major power status, military coordination, and nonmilitary cooperation.
Since great powers’ willingness to retain their allies affect the duration of their alliances, I argue that alliances, especially those involving great powers, are more durable in a bipolar system than in a multipolar system. It is difficult to predict the duration of alliances under unipolarity because policy of the unipole can be haphazard, and too many alliances formed in the unipolar era are still in effect to make a comparison with other systems.

Hypothesis 2: Alliances are more durable in a bipolar system than in a multipolar system.

Russia or the Soviet Union’s alliance memberships that began in the multipolar period lasted on average about 90 months while its alliance memberships during the Cold War have the average duration of 247 months. U.S. alliance memberships in the multipolar period lasted only 39 months while those formed in the bipolar era lasted for 359 months on average. As shown below, the relatively stable alliance structure of bipolarity increases the duration of non-great power alliances as well, even when controlling for many factors. Because the vast majority (86.15%) of alliances formed between 1990 and 2003 are still active, the following analysis focuses on the comparison between multipolar and bipolar systems.

I use a Cox proportional hazards model to analyze the alliance membership duration because many alliances formed during the Cold War are still active (i.e. their durations are right-censored), and also because there is no strong theoretical reason to

93 The gaps are actually even larger because the duration reported is up to December 2003, and many Cold War alliances are still alive.
expect a particular form of the duration dependency (Box-Steffensmeier and Jones, 2004). The duration is measured by days to minimize the number of observations with tied survival times, and the 15th day of the month was used for some observations where the day of termination is missing. My main explanatory variable is bipolarity at the time of observation. Unlike for the hypothesis on intra-alliance conflict, the literature on alliance duration and reliability has identified some important explanatory variables, and I include them as control variables here (Bennett, 1997; Reed, 1997; Leeds and Savun, 2007; Leeds, Mattes, and Vogel, 2009). Alliances formed in wartime are likely to have limited duration, and the ATOP dataset codes wartime alliances. I control for the year of observation as Leeds and Mattes (2007) find that alliances are more likely to endure in recent periods. States’ capabilities (Composite Index of National Capability from the Correlates of War) and their proportional changes since the year of entry are controlled, because the literature has found military capabilities to be an important factor in alliance politics; effects of these variables, however, are difficult to predict at the member level, because the capabilities of other states matter as well. Democratic states are expected to have more durable alliance commitments, and I use the revised combined polity score of the Polity IV project (Marshall and Jaggers, 2002). I control for the changes in the polity score as well, because democratization is expected to affect the duration.

Institutional features of alliances also affect the duration. Ratification requirement is

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94 Bipolarity here means the period from the start of 1946 through the end of 1989. Alliance memberships that ended in 1945 are counted as observed under multipolarity, because much of their duration was under multipolarity and most of them ended due to the end of World War II.

95 Duration, however, is not a good proxy for reliability because alliance terminations and violations of alliance obligations are two separate phenomena.

96 Dyadic year data is much more complicated to analyze. Leeds and Savun (2007) and Leeds, Mattes, and Vogel (2009) instead analyze alliance-level data without multilateral alliances.
expected to increase the duration by giving political significance to the agreement. Alliance agreements that include provisions for military coordination or nonmilitary cooperation either foster or reflect common interests among the members, and they are expected to be associated with a longer duration.\textsuperscript{97} I control for bilateral alliance memberships, which are likely to have a different dynamic from that of multilateral memberships.\textsuperscript{98} The ATOP dataset reports when an alliance agreement has a specified duration, either by time period or by duration of a specific event, and this should impose a limit on the duration of an alliance membership. Finally, because the proportional hazards assumption is violated for some of the variables, I add interaction terms between covariates and functions of time (i.e. duration) to account for the nonproportional hazards.\textsuperscript{99}

Table 3.6 demonstrates that bipolarity significantly decreases the risk of alliance membership termination even when controlling for the variables discussed above; the risk declines by 39\% in bipolarity compared with multipolarity. Consistent with my argument that nonmilitary goods play an important role in alliance politics, nonmilitary cooperation decreases the risk by 22\%. Our focus is on the effects of polarity, but the results also conform to the expectation discussed above. Wartime alliance memberships have 133\% higher risk of termination, whereas more recent memberships, democracy, ratification requirement, and military coordination decrease the risk. Interpretation for

\textsuperscript{97} These institutional variables are available from the ATOP database, and I modify the military coordination to be a binary variable.

\textsuperscript{98} Cha (2009) argues that the United States preferred bilateral alliance in East Asia because they thought that tight bilateralism restrained allies better than a multilateral alliance.

\textsuperscript{99} Following Box-Steffensmeier and Jones’s recommendation (2004, 137), Grambsch and Therneau’s global proportional hazards test statistic and Harrell’s rho were calculated. Keele (2010) cautions against confusing specification errors with a violation of proportional hazards assumption.
variables interacted with functions of time is more complicated, because their effects depend on time. For instance, capability of a member state in early days of a membership increases the risk, but the effect decreases over time, and after approximately 2863 (i.e. 2.363/0.000825) days, it begins to have a negative effect on the risk. In the case of the proportional change in capability, the time function is the natural log of the duration, so the effects cancel out around \( \exp \left( \frac{2.47}{0.309} \right) = 2962 \) days. Increase in democracy from the time of entry raises the risk of termination after around 254 days, whereas bilateral alliance initially decreases the risk of termination and after about 2187 days increases the risk. The life-shortening effect of specified alliance duration naturally increases over time, because such a clause terminates an alliance membership only after certain periods of time.
### Table 3.6. Bipolarity and the Risk of Alliance Membership Termination

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients (Standard Errors)</th>
<th>Substantive Effects on Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bipolar at the time of observation</td>
<td>-0.495*** (0.103)</td>
<td>-39%</td>
</tr>
<tr>
<td>Wartime alliance</td>
<td>0.844*** (0.106)</td>
<td>133%</td>
</tr>
<tr>
<td>Year of observation</td>
<td>-0.00711*** (0.00137)</td>
<td>-71%</td>
</tr>
<tr>
<td>Capability</td>
<td>2.363** (0.737)</td>
<td>--</td>
</tr>
<tr>
<td>Capability x Days of duration</td>
<td>-0.000825*** (0.000231)</td>
<td>--</td>
</tr>
<tr>
<td>Capability change</td>
<td>2.470*** (0.601)</td>
<td>--</td>
</tr>
<tr>
<td>Capability change x ln(Days)</td>
<td>-0.309*** (0.073)</td>
<td>--</td>
</tr>
<tr>
<td>Democracy</td>
<td>-0.0121* (0.0065)</td>
<td>-22%</td>
</tr>
<tr>
<td>Increase in democracy from the year of entry</td>
<td>-0.00159 (0.02307)</td>
<td>--</td>
</tr>
<tr>
<td>Increase in democracy x Days of duration</td>
<td>0.00000627** (0.00000297)</td>
<td>--</td>
</tr>
<tr>
<td>Ratification required</td>
<td>-0.782*** (0.104)</td>
<td>-54%</td>
</tr>
<tr>
<td>Military coordination</td>
<td>-0.302*** (0.105)</td>
<td>-26%</td>
</tr>
<tr>
<td>Nonmilitary cooperation</td>
<td>-0.240*** (0.094)</td>
<td>-22%</td>
</tr>
<tr>
<td>Bilateral alliance</td>
<td>-0.166 (0.119)</td>
<td>--</td>
</tr>
<tr>
<td>Bilateral alliance x Days of duration</td>
<td>0.0000758*** (0.0000259)</td>
<td>--</td>
</tr>
<tr>
<td>Specific length</td>
<td>0.177 (0.114)</td>
<td>--</td>
</tr>
<tr>
<td>Specific length x Days of duration</td>
<td>0.000104*** (0.000022)</td>
<td>--</td>
</tr>
</tbody>
</table>

***p<0.01, **p<0.05, *p<0.1  Number of obs. =14036

---

100 I analyze alliance memberships that began between 1815 and 1989. Phases of an alliance membership are observed separately (see the ATOP codebook). The Efron method is used for handling ties, and other methods yield similar results. Robust standard errors are calculated “assuming potential non-independence among cases associated with the same alliance” (Leeds and Savun, 2007, 1129; Leeds, Mattes, and Vogel, 2009, 473). Substantive effects were calculated by the formula provided by Box-Steffensmeier and Jones (2004, 60), with the values of covariates moving from 0 to 1 for binary variables, and from the minimum to the maximum in the analyzed data for all other variables.
With respect to alliance formation, I argue that the unipole should be reluctant to form new alliances or, more generally, to extend alliance commitments, while the two superpowers in a bipolar system actively seek alliance ties.

_Hypothesis 3: Proportionately speaking, a great power offers the smallest number of alliance commitments in a unipolar system and the largest number in a bipolar system._

The United States is now less enthusiastic about offering alliance commitments than during the bipolar era. Because the United States (employer) has big advantages in the alliance market, it can now pay less to its allies (employees) and court support of temporary coalition partners (part-time workers) without giving them formal commitments. The United States has formed twenty alliances since the end of the Second World War, but it has not formed any new alliances after 1981, despite its ever more extensive military presence across the world and newly formed security arrangements with numerous countries. Since 1990, the United States has offered alliance commitments only when new members joined the existing alliances formed during the Cold War—that is, when Germany replaced West Germany in NATO, and when NATO or OAS expanded. Even when we count the modest expansion of these existing alliances, which does not seem to be motivated by American security concerns, the American share of new alliance ties significantly declined from that of the Cold War period. Between the end of World War II and the end of 1989, the United States formed 104 alliance ties, accounting for 5.6% of 1868 ties made during the period.\(^{101}\) Between

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\(^{101}\) I used the ATOP’s dyad-year dataset (version 3.0), counting only the first allied dyad year for an
1990 and 2003, in contrast, the United States offered 13 alliance commitments (NATO and OAS), and it accounts for only 1.4% of 925 new alliance ties made during the period (see Table 3.7).\textsuperscript{102}

Table 3.7. Number of New Alliance Ties

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>USA</th>
<th>USSR/Russia</th>
<th>Average # of states in the system</th>
</tr>
</thead>
<tbody>
<tr>
<td>1815-1945</td>
<td>1626</td>
<td>69 (4.2%)</td>
<td>126 (7.7%)</td>
<td>41.6</td>
</tr>
<tr>
<td>1946-1989</td>
<td>1868</td>
<td>104 (5.6%)</td>
<td>49 (2.6%)</td>
<td>122.6</td>
</tr>
<tr>
<td>1990-2003</td>
<td>925</td>
<td>13 (1.4%)</td>
<td>56 (6.1%)</td>
<td>185.7</td>
</tr>
</tbody>
</table>

Of course, a state’s share of new alliance ties depends on various factors, and the foregoing analysis is only a first cut. In addition to the willingness of the state to offer commitments, the share should be affected by other states’ willingness, the existing alliance ties, and the number of states in the system. For instance, the Soviet Union retained great power status while transitioning from multipolarity to bipolarity, but it actually had a lower share during the Cold War. The Soviet Union was eager to

\textsuperscript{102} In addition to extending commitments to ten former-Eastern-bloc states in 1997 and 2003, the United States made commitments to Germany in 1990 (replacing West Germany) and to Belize and Guyana in 1991 (new members of OAS).
exchange alliance commitments with other states during the Cold War, but many states were reluctant to form ties with it because of the incompatibility of American alliance networks and that of the Soviets as well as these states’ own reservations about communism. It should also be noted that the share of a state decreases as the number of states increases; great powers are more active than non-great powers in alliance politics, but the increased number of lesser states should still decrease the share of a great power. In other words, Table 3.7 shows the shares under bipolarity smaller than it should in comparison with the shares under multipolarity.

I argue that the bargaining power of a great power vis-à-vis lesser powers is the strongest in a unipolar system and the weakest in a bipolar system. The systemic transition from bipolarity to unipolarity, therefore, should have profound effects on alliance politics of the unipole and the other participants of the alliance market. Although the contractual nature of alliance agreements somewhat moderates incentives for behavioral change, alliance politics under unipolarity seems to be substantially different from that of the bipolar era. Closely related to Hypothesis 3, the unipole has incentives to reduce the supply of security and to raise its price.

_Hypothesis 4: When the international system becomes unipolar, the single great power reduces its commitment to the existing and potential allies._

Some might object to the hypothesis by pointing out that only a couple U.S. alliances have dissolved after the Cold War, but the limited number of alliance termination does

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103 This increased the bargaining power of the Soviet allies. See, for example, Reisinger (1992) and Harrison (2003).
not negate the hypothesis. A major rationale for forming an alliance, after all, is to make it difficult to sever relationships when circumstances change. Only 5 out of the 20 alliances formed by the United States during the Cold War had specific time period for their effects, and it is not surprising that the United States has not terminated its Cold War alliances unilaterally. Furthermore, we must remember that these alliances are not as costly or risky for the United States as they were when the Soviet Union posed a real threat to Western security and that American allies are working hard to keep the superpower satisfied. The United States simply reduced the cost of its alliances without dissolving them. U.S. military expenditure has increased in the unipolar period, especially under President George W. Bush, but the increased expenditure hardly means an increased commitment to its allies unlike during the Cold War. Figure 3.3 shows that the percentage of American troops stationed on foreign soil significantly declined after the Cold War. Although the percentage surged in 2003 as a result of Iraq War, the troops in Iraq do not represent American commitment to U.S. allies unlike troops elsewhere.

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104 The U.S. alliance with Israel terminated when the Soviet Union dissolved, and the U.S. alliance with Panama ended with the return of the Panama Canal in 1999.
The number of U.S. troops in Europe was reduced by two thirds after the Cold War, while U.S. forces in East Asia did not experience such a drastic downsizing. Not coincidentally from the perspective of the exchange model, the host nation support of Japan and South Korea to U.S. forces is substantially above that of NATO countries (Wolf and Zanini, 1998; Calder, 2006; Yoda, 2006). One could argue that U.S. forces are kept in East Asia because the threat level did not diminish there as much as in Europe, but that is at best a partial explanation. In terms of burden sharing, for example, the Japanese government covered between 75 and 79 percent of total local U.S. stationing costs in the period between 1995 and 2002 (Calder, 2007, 192-193). South Korea rivals Germany in its host nation support even though its national economy and American troops stationed

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there are much smaller than those of Germany. Even then, the number of U.S. troops in Korea declined as a result of the global transformation of U.S. military deployment and Iraq War. Moreover, a continued troop presence does not mean a continued level of commitment or concessions on the part of the United States unless the United States itself is reluctant to do so. Ironically, the Japanese public, while generally satisfied with the U.S.-Japan alliance, is not eager to have American troops on their soil and the Japanese government even agreed to pay $2.8 billion for transferring 8,000 U.S. Marines to Guam.  

Another objection to the hypothesis would be that twelve Central and Eastern European states have joined NATO after the end of the Cold War. My model offers two different explanations for the expansion. The first explanation, which is more directly related to my argument, is that the expansion of NATO was meant to prevent the rise of Europe as the second pole in the international security affairs. Successive U.S. administrations in the post-Cold War period have adopted a NATO first policy to discourage independent European security cooperation (Jones, 2007, 235-238). This is very much consistent with my systemic argument, because the unipole should work hard to prevent the emergence of a competitor in the alliance market. The United States wants Europe to be both dependent and independent, because Americans want Europeans to remain good customers for its alliance goods. Europeans need to be in a sufficiently good condition to make payments to the United States, but they should not be self

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106 Japan’s contribution is expected to be even higher (Talmadge, 2009).
sufficient, let alone competing with the unipole.\textsuperscript{107} The old members of NATO, on the other hand, had to agree to NATO expansion in order to avoid the expected decline of NATO after the Cold War, that is, to avoid abandonment by the United States.

The second explanation for the enlargement of NATO is that it was a result of several historical contingencies rather than military necessities; the United States spontaneously extended its alliance ties to the new NATO members even though it could have withheld such commitments. The single great power does not “have to” withhold its commitment in a unipolar system. The United States can use its advantage in whatever way it wishes, especially now that the oppositions of old allies count less than before. The NATO expansion does not look so strange when the strategic luxury is combined with such factors as the idea of democratic peace, political incentives to cultivate voters of East European extraction, lobbying by the American arms industry, desire for continued primacy, and the Article 10 of the North Atlantic Treaty, which keeps the organization open to other European states.\textsuperscript{108} Since NATO enlargement was something the United States wanted for peculiar reasons, and not out of military necessity, the case does not hurt my argument that the United States enjoys the advantages of the unipolar system. Finally, we should also remember that the United States is charging the new members a higher price than it used to—new NATO members must meet such political requirements as settlement of international and ethnic disputes.

\textsuperscript{107} On the ambivalent attitude of the United States toward European military cooperation, see Larres (2002, 588-591).
\textsuperscript{108} Anthony Lake, Clinton’s national security advisor, is a well-known proponent of democratic peace. See Eyal (1997), Goldgeier (1998, 1999), and works in Rauchhaus (2001) for explanations of the decisions that led to the NATO enlargement.
and democratic control of the military—criteria Greece and Turkey did not meet long after joining the organization in 1952. ¹⁰⁹

Because the supply of security is limited under unipolarity, and also because demands for military protection decreased in many parts of the world after the Cold War, we should observe a reduced production of security in the alliance market. Importantly, my theory does not necessarily predict a decrease of alliances in the face of reduced supply or reduced demand for security; states can continue to benefit from exchanges with their allies by altering what they exchange.¹¹⁰ What we should pay more attention to is the content of allies’ exchanges, because reduced supply or reduced demand for security only means reduced production of security and not the exchanges. Many states have actively formed alliances since the end of the Cold War, but the types of alliances formed reflect the decline in the supply of security from major powers, especially the United States, as well as the decline in the demand for security. Leeds and Mattes (2007) point out that post-Cold War alliances involve fewer major powers and are connected to broader cooperative projects than those before them.¹¹¹ The percentage of new alliances including at least one major power declined from 49.4% (1945-1989) to 37.4% (1990-2003), even though the number of major powers (not great powers) in the COW dataset increased from five to seven in 1991. While 68.7% of alliance agreements formed

¹⁰⁹ Neither was Portugal, one of the original NATO members, democratic until the mid-1970’s. Despite these requirements, new members of NATO from East and Central Europe “feel stronger loyalty toward the United States than do their Western counterparts” because they are “grateful to Washington for pushing NATO expansion to the East” (Pehe, 2003, 33).
¹¹⁰ When demand for military protection disappears or when no country can supply military force for others’ defense, alliances will cease to exist.
¹¹¹ Not all major powers are great powers and constitute poles (Correlates of War Project. http://www.correlatesofwar.org/).
between 1945 and 1989 include nonmilitary cooperation, 95% do so between 1990 and 2003. Furthermore, only 13.5% (22/163) of the alliances formed since 1990 require active military assistance (i.e. defense or offense), whereas the number is 76.8% (129/168) for alliances formed during the Cold War.\(^{112}\)

Table 3.8 shows the geographic distribution of new alliance memberships, and Europe is by far the most active stage of alliance formation after the Cold War (72.3% of the world total). Europe has been traditionally an active stage of alliance formation (62% for 1815-2003 period), but Europe’s increased share is counterintuitive at first glance because it is a relatively peaceful region and the main beneficiary of the end of the Cold War. When we look at the new alliance memberships with defense or offense obligations, however, Europe’s share has actually declined to 40% in the post-Cold War era.

\(^{112}\) Seventeen of the twenty alliances the United States formed during the Cold War require active military assistance.
Table 3.8. New Alliance Memberships

<table>
<thead>
<tr>
<th>Region</th>
<th>1815-2003</th>
<th>1990-2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Memberships in general</td>
<td>Memberships with Defense or Offense Obligations</td>
</tr>
<tr>
<td>Europe</td>
<td>1020 (62.0%)</td>
<td>545 (55.4%)</td>
</tr>
<tr>
<td>Middle East</td>
<td>184 (11.2%)</td>
<td>110 (11.2%)</td>
</tr>
<tr>
<td>Africa</td>
<td>136 (8.3%)</td>
<td>102 (10.4%)</td>
</tr>
<tr>
<td>Asia</td>
<td>125 (7.6%)</td>
<td>64 (6.5%)</td>
</tr>
<tr>
<td>Americas</td>
<td>181 (11.0%)</td>
<td>162 (16.5%)</td>
</tr>
<tr>
<td>Total</td>
<td>1646 (100%)</td>
<td>983 (100%)</td>
</tr>
</tbody>
</table>

In sum, as the exchange model suggests, the decline in the demand and supply of security in many parts of the world changed not only who forms alliances but also the goods exchanged within alliances.

It is difficult to tell how much of the change is attributable to the advent of unipolarity (changes in supply) and not to the changes in military threats (demand for security). We do, however, know that supply of security from the United States has decreased and other states have not been filling the gap despite the surge in the number of alliance formation after the Cold War. Figure 3.4 shows the number of alliances formed.

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113 One new membership=one state joining one alliance, and the number includes new members joining existing alliances.
with defense or offense obligations, controlling for the number of politically relevant
dyads, and a comparison of this graph with Figure 1.3 tells us that only a small portion of
alliances formed after the Cold War actually committed the members to the use of
military force.

![Graph](image)

Figure 3.4. Number of Alliances Formed with Defense or Offense Obligations per
Number of Politically Relevant Dyads in the System, 1816-2003

Figure 3.4 might tempt readers to think that predictions of the capability
aggregation model and realist theories of alliances were right after all, because
militarized alliances did decline after the Cold War (Mearsheimer, 1990; Layne, 1993;
Waltz, 1993). Ignoring less-militarized alliances, however, is not justifiable even when
we focus only on military security. Alliances evolve, and their military value can
increase over time as in the case of the Triple Entente before World War I. Waltz (1993)
predicted that NATO would decline and disappear, and he later claimed that “the
expectation” had “been borne out” in “a basic sense” because the alliance’s function changed (Waltz, 2000, 19). From my perspective, adjustments in alliance exchanges are an integral part of alliance management, and an alliance does not die just because the partners change the goods exchanged. Waltz correctly pointed out the decline in the demand for security, but he did not seriously consider the possibility of alliances’ survival by adaptation. A theory that cannot explain alliances’ survival and evolution is not adequate to be the basis for analyzing the future of alliance politics.

If the end of the Cold War only meant reduced demand for security, the price of security should have decreased. As discussed below, the price of security in the current unipolar system seems to be higher than during bipolarity, and it suggests that the leftward shift of the supply curve is more significant than the leftward shift of the demand curve (see Figure 3.1).

*Hypothesis 5: When the international system becomes unipolar, non-great powers increase their commitment to the existing and potential allies.*

As discussed in the introduction, many alliances have endured beyond the end of the Cold War, and states in the unipolar era seem to be very active in alliance formation. Given that the end of the Cold War reduced demand for security in many regions of the world, one might wonder why non-great powers are not as reluctant to form and maintain alliances as the sole superpower is. Non-great powers formed new alliances or held on to the existing alliances, even for a higher price in the case of America’s alliances, because the shift from bipolarity to unipolarity meant reduced supply of military protection from the remaining superpower. Because demand for security also declined in many regions,
and also because non-great powers cannot fill the role of security suppliers well, post-Cold War alliances are not as military-oriented as their predecessors, as noted above. The attenuated forms of military alliances may appear to be a bad sign for the future of alliances, but the market theory of alliances suggests that states can obtain efficiency gains through alliances even without clear military threats. Post-Cold War alliances indeed have adjusted themselves to the new environment; while 29.1% of 174 alliances formed between 1945 and 1989 mention specific sources of threat, only 1.3% of 163 alliances formed between 1990 and 2003 do so (Leeds and Mattes, 2007). Because non-great powers are not good at producing military protection, they have tried to compensate for their military weakness by increasing alliance commitments to one another and by more closely following the lead of the sole superpower. Many alliances not involving the United States formed, because the sole superpower is reluctant to extend its commitment and has raised the price of its commitment. The void caused by the demise of the Eastern Bloc was largely filled by its former members, especially in the early 1990s (i.e. before NATO was enlarged). The following table lists the top 11 countries that joined the largest number of alliances between 1990 and 2003.

---

114 Many former Eastern bloc states formed alliances among themselves, because they could not afford to buy the U.S. alliance commitments in the early 1990s. After 1994 or so, when these states began to have a prospect of joining NATO, they stopped pursuing these cheaper but ineffective alternatives to U.S. military protection.
Table 3.9. States that joined the largest number of alliances in 1990-2003.

<table>
<thead>
<tr>
<th>Country</th>
<th># of new memberships</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Russia</td>
<td>40</td>
<td>8.66%</td>
</tr>
<tr>
<td>2. Romania</td>
<td>26</td>
<td>5.63%</td>
</tr>
<tr>
<td>3. France</td>
<td>24</td>
<td>5.19%</td>
</tr>
<tr>
<td>4. Poland</td>
<td>20</td>
<td>4.33%</td>
</tr>
<tr>
<td>4. Bulgaria</td>
<td>20</td>
<td>4.33%</td>
</tr>
<tr>
<td>6. Hungary</td>
<td>16</td>
<td>3.46%</td>
</tr>
<tr>
<td>6. Ukraine</td>
<td>16</td>
<td>3.46%</td>
</tr>
<tr>
<td>8. Slovakia</td>
<td>15</td>
<td>3.25%</td>
</tr>
<tr>
<td>9. Czech Republic</td>
<td>13</td>
<td>2.81%</td>
</tr>
<tr>
<td>9. Belarus</td>
<td>13</td>
<td>2.81%</td>
</tr>
<tr>
<td>9. Uzbekistan</td>
<td>13</td>
<td>2.81%</td>
</tr>
</tbody>
</table>

These 11 countries account for 46.7% of 462 new alliance memberships during the period. Russia and France are traditionally active alliance participants, but it is striking that the United States has not joined any alliance over the period while 96 countries joined at least one alliance.

Under unipolarity, U.S. allies seem willing to pay an increased price for their alliances with the United States. The trend is counterintuitive, since military threats have declined in many regions of the world. If anything, decreased demand for military protection should lead to a decline of military alliances and less commitment from the allies importing security from the United States. This, presumably, was the reasoning behind pessimistic predictions on U.S. alliances in the wake of the Cold War (e.g. Waltz,
1993, 75-76), but the shift to unipolarity explains the failure of the predictions.\textsuperscript{115} Considering the marginalized status of military alliances in U.S. foreign policy, the predictions were partially correct. However, America’s allies (and for that matter, most states in the international system) seem desperate to retain or obtain their alliances with the United States, and the bargaining position of the United States looks better than ever. For countries allied to the unipole, serious efforts are required to avoid abandonment or entrapment by the much stronger partner. Europeans, for instance, opened NATO to new members and reinforced the alliance while simultaneously developing the European Security and Defense Policy (ESDP).\textsuperscript{116}

The price of security is determined not only by demand for it—which is created by military threat—but also by its supply. Because the United States no longer has to compete against the Soviet Union in the alliance market, other states have to live with the increased price of America’s commitments. It may seem bizarre to treat the collapse of the Soviet Union as a decline in supply of security for U.S. allies, but U.S. allies lost the potential for courting a rival of the United States, and U.S. military forces abroad were indeed reduced. Even when you like shopping at Store A, having Store B in the market helps keep Store A from raising its prices. For many states, the situation shifted from Cell I to Cell IV, rather than Cell I to Cell II in Table 3.10.

\textsuperscript{115} My theory cannot be tested in terms of disintegration or tightening of alliances, because both are consistent with it. The important question for us is who is distancing herself from alliances, and who is making efforts to tighten alliances?

\textsuperscript{116} For European responses to unipolarity through NATO and ESDP, see Press-Barnathan (2006) and Posen (2006), respectively.
Table 3.10. The End of the Cold War, Polarity, and Threat

<table>
<thead>
<tr>
<th></th>
<th>Threat High</th>
<th>Threat Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bipolarity</td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>(two superpowers willing to supply security)</td>
<td>Cold War</td>
<td></td>
</tr>
<tr>
<td>Unipolarity</td>
<td>III</td>
<td>IV</td>
</tr>
<tr>
<td>(the sole superpower reluctant to supply security)</td>
<td></td>
<td>Post-Cold War</td>
</tr>
</tbody>
</table>

In order to illustrate the effects of the shift in polarity, I describe below how much the structural shift has pushed American allies in favor of the superpower. The shift is most visible in regions where military threats remain serious, not in absolute terms but relative to the bipolar era. For instance, in addition to the goods it has traditionally supplied, Japan has increased its military commitment to the United States after the Cold War (Nishihara and Tsuchiyama, 1998; Sotooka, Honda and Miura, 2001; Akiyama, 2002; Okamoto, 2002). Because of its relative strategic safety during the Cold War, and also because of the rise of China and North Korea’s provocative actions after the Cold War, Japan’s demand for military protection did not decline as significantly as in European or South Korean cases. For most of the Cold War period, Japan had little fear of abandonment even though its military contribution to the U.S.-Japan alliance was never satisfactory to the United States. The collapse of the Soviet Union, however, cast a doubt on the Japanese notion that the island nation was indispensable to the United States. After it was criticized for “checkbook diplomacy” in the Gulf War, Japan
dispatched its first United Nations’ Peace Keeping Operations personnel to Cambodia in 1992, which was also the first operation of the Japan Self Defense Force (JSDF) outside Japan. The first North Korean nuclear crisis of 1994 revealed that Japan was not ready to support U.S. forces should anything happen on the Korean peninsula. Therefore, following the 1996 U.S.-Japan Joint Declaration on Security and the 1997 revision of the Defense Guidelines with the United States, the Japanese government painstakingly worked for reinforcement of the U.S.-Japan alliance through legislation, such as one government act that made it possible for the JSDF to provide logistic support to U.S. forces in the event of contingencies in the areas surrounding Japan. In the wake of September 11 terrorist attacks in 2001, the Japanese Diet passed the Antiterrorism Measures Special Law, which permits logistical support for U.S.-led military campaigns against terrorist groups. In addition to the Air Self Defense Force and the Maritime Self Defense Force, the Japanese government even sent ground troops to Iraq for the country’s reconstruction.117 In sum, Japan has been paying more for the ride on the American bandwagon.

Even for countries that now face reduced military threats, their alliances with the United States seem to be still attractive. Despite the transatlantic disagreement over the invasion of Iraq and their approaches toward counterterrorism in general, NATO members have been generally cooperative to U.S. foreign policy, as shown in their contribution to the International Security Assistance Force in Afghanistan. The Iraq War was exceptionally controversial, and opposition to it should not be interpreted as a

117 This is a significant action given postwar Japan’s pacifism (Berger, 1998; Katzenstein, 2008).
decline of the allies’ commitment. In fact, it is surprising how many countries supported the Iraq War. South Korea, another ally of increasing distance from Washington, is working hard to retain its alliance with the United States and to increase its influence over U.S. policy toward North Korea, that is, to avoid both abandonment and entrapment by the United States. South Korea now faces a much weaker enemy in the North, whose collapse would create serious national problems. Unlike during the Cold War, it is now South Korea that fears entrapment by the United States, for the latter has a very different interest concerning nuclear nonproliferation. Therefore, it is only natural that the United States and South Korea have friction over their policy toward North Korea. The South Korean government, however, has worked hard to please its ally by bearing more of the cost of the U.S. troops there and sending their own to Iraq, despite the public’s opposition and the inclination of the Roh Moo-hyun administration. Lee Myung-bak, who became president in February 2008, is more conservative than the previous two presidents and working even harder to restore the alliance with the United States.

Finally, countries that should be balancing against the United States (e.g. Russia and China) seem to be taking action “that amounts to bandwagoning” (Wohlforth, 1999, 37). Aside from the rhetoric, no country is seriously challenging the primacy of the United States through either internal or external balancing. Wohlforth (1999) argues that other states do not balance against the United States because it is too costly to do so.


119 “An editorial in a conservative newspaper reasoned that South Korea should send the troops and fight a war in Iraq not because this was a just war but because it was a good war for Seoul’s relationship with the US” (Geunwook Lee, 2006, 492).

120 On internal and external balancing, see Waltz (1979).
From the perspective of this study, other states side with the United States because the single superpower is the most attractive partner in the alliance market.

Some argue that other states are tacitly balancing -- soft balancing -- the United States (Walt, 2002; Paul, 2004, 2005; Pape, 2005), while others dispute the existence of soft balancing (Brooks and Wohlforth, 2005; Lieber and Alexander, 2005). The key to the debate, so far, has been whether other major powers view the United States as a potential adversary. My theory instead focuses on the value of the United States as an actual or potential ally and explains the rationale for bandwagoning. A proponent of soft-balancing argument maintains that soft-balancing behavior occurs when “the dominant state is a major source of public goods in both the economic and security areas that cannot simply be replaced” (Paul, 2005, 59); since the United States is in a position to determine the flow of many valuable private goods as well, other states have incentives to please the unipole. Even the leaders of the states that are the targets of American enmity, such as those of North Korea and Iran, are interested in improved relations with the United States, to the extent that their domestic politics allow. Of course, other states do not accept every single policy of the United States, but we do not need to use the term balancing to explain why they try to “delay, frustrate, and undermine aggressive unilateral U.S. military policies” (Pape, 2005, 10; emphasis added by the present author). Given the unpopularity of American unilateralism, it would have been more natural if the Untied States faced more resistance from other states. In the case of the Iraq War, behavior of the most participants of the coalition of the willing could be called “soft bandwagoning,” because most states simply paid lip-service to the United States and did
not seriously joined the United States. Moreover, even if soft balancing is happening, other states are not distancing themselves from the United States; they are trying to constrain the United States within the existing alliances or with closer bilateral relationships. When “second-tier states…engage the hegemon and develop institutional links with it to ward off possible retaliatory actions” in their pursuit of soft balancing, their behavior actually conforms to my theory (Paul, 2005, 59).

In addition to being reluctant to form new alliances and to support its old allies, the United States in the post Cold War era became increasingly unilateralist, although costly wars in Middle East and the 2008 economic crisis must have affected its attitude in the alliance market as well as its domestic political landscape.

_Hypothesis 6: When the international system becomes unipolar, the single great power removes restraining arrangements with its allies._

It is now almost a cliché to associate the advent of unipolarity and unilateralist policy of the United States; the United States has no enemy to fear in adversary games and no competitor to match in alliance games. Consequently, U.S. military policy under unipolarity has relied on ad hoc coalitions not bound by concerns of its traditional allies (Campbell, 2004; Tertrais, 2004). The George W. Bush administration rejected the Comprehensive Nuclear Test Ban Treaty (CTBT) and the Kyoto Protocol, and it waged a preventive war against Iraq despite the world-wide protests and oppositions of its allies. As Michael Mastanduno points out, unipolarity also “provided strong incentives for the United States to pursue its economic agenda far more aggressively than it had in the past” (Mastanduno, 2009,143). As military-strategic calculation no longer dictated the United
States to court the support of its allies against the Soviet Union, President Clinton’s diplomacy aggressively focused on economic issues. Without the economic recovery of the United States in the 1990s and the rise of the Chinese economy, the economic frictions between the superpower and its allies might have been a much more serious problem. The subsequent economic boom in the United States reinforced the effects of military unipolarity. With the U.S. economy going well and the U.S. military strategy not requiring allies’ support, little incentive was left for the United States to behave itself in the alliance market. The current economic crisis should increase the United States’ needs for economic concessions from its allies, and it is as much a source for alliance cooperation as for economic friction, to the extent that the United States and its allies can successfully exchange what they have for what they want.

One of the most important arrangements between allies is deployment of military force, and the new alliance dynamics of the unipolar era have been affecting the ongoing redeployment of U.S. forces across the world. To be sure, the transformation is driven by technological innovations and new strategic needs to fight the War on Terrorism, but we should pay attention to its political aspect as well. The network of U.S. bases did not experience such a radical shift during the Cold War, despite many technological innovations and shifts in diplomatic climate.121 This was so because, as Kurt Campbell, a senior official in the Clinton and Obama administrations, pointed out, “forward bases and presence are extraordinarily sensitive diplomatically” (Loeb, 2003).

121 Of course, bases came and went during the Cold War too. Given America’s willingness to extend its base network almost wherever it could, we find the strongest explanatory variables of base politics in domestic politics of host nations (e.g., regime change). On the global network of U.S. military bases, see Calder (2007).
A base agreement does more than simply enhance military capabilities; in addition to deterrence and commitment effects, it helps in the management of an alliance by giving the allies better control of each other. American bases made it easier for the United States to control the hosting countries, but they also restrained the United States by creating a vested interest.

Except for some “hubs” in countries such as Britain and Japan, large American bases in traditional allies of the United States are being replaced with smaller facilities in locations such as Southern Europe, the Middle East, and Central Asia (Campbell and Ward, 2003; Loeb, 2003; Calder, 2007). The United States will have less difficulty in giving up these small facilities than it did with the large military bases it used to have. As Kent Calder notes, “diversifying deployments to multiple redundant locations” reduces “the political risk of dependence on any one” (2007, 231). Similar to the recent American reliance on coalitions of the willing rather than formal allied cooperation, the network of American military bases is becoming more fluid, and less restraining for the United States.

Although the troop redeployment became conspicuous during former Defense Secretary Donald Rumsfeld’s tenure, the trend had begun earlier with the end of the Cold War. The number of troops in Germany, by far the largest host of U.S. troops during the Cold War, has been constantly declining (from over 200,000 during the Cold War to less than 70,000 by 2000), and other old NATO allies (except Italy) have also experienced
troop reductions (Kane, 2004). We saw a similar trend in East Asia as well. The first East Asian Strategic Initiative (EASI-I), which set down the gradual reduction of U.S. forces stationed in South Korea, was introduced in the U.S. Congress in April, 1990. Even after the announcement of the EASI-I and the first phase of the reduction, arguments for reduction did not cease, with certain influential advocates calling for a total withdrawal (Murata, 1998, 266). With suspicions over North Korea’s nuclear development deepening, the scheduled troop reduction was slowed down and eventually suspended in November, 1991, but the structural transformation of the alliance seems to be coming back now. In 2004, the U.S. government announced a one-third reduction of the 37,500 troops in South Korea, although it later suspended the reduction at the force level of 28,500 in April 2008. On top of the troop reduction, U.S. forces in Korea have been redeployed from areas near the demilitarized zone to the southern region of the peninsula, an action that has reduced American commitments as well as the troops’ vulnerability to a North Korean attack.

In short, the United States is shedding its presence abroad much more casually than during the bipolar era, and it is increasingly free of the restraints that accompany its large bases abroad.

CONCLUSION

122 Incidentally, Italy is the largest contributor among NATO allies to U.S. troops stationed in-country per soldier (Wolf and Zanini, 1998, 13).
123 The same can be said about the proposed return of wartime operational command to South Korea, after which two countries’ militaries will fight under separate commands during wartime. The Pentagon originally proposed that the transfer be made in 2009, but the two governments put it off until 2012 at the request of the South Korean government. Peacetime control of South Korean troops transferred back to the country in 1994.
This chapter explained the importance of both military and nonmilitary goods in alliance politics and changes caused by shifts in systemic polarity. While military alliances can have various goals, the common function of all military alliances is to be a contract for exchanging goods and services between states. This chapter explained that there was a variety of goods exchanged between allies and how important it was to understand the demand and supply of those goods. The alliance market is far from perfectly competitive, and polarity (i.e. the number of great powers) affects the patterns of transactions there. Some of the alliance literature has linked alliances and trade, but the true conceptual connection has yet to be realized, and the theoretical integration will cultivate a new ground for a general theory of alliances. As Glenn Snyder (1984, 1997) demonstrates, alliance politics is played at the crossroad of alliance games and adversary games, but the majority of the alliance literature to date has been based on the logic of adversary games. By paying attention to the exchanges between allies, we will have a better understanding of alliance games independent of adversary games.

In the empirical section, I examined the effects of systemic polarity, especially those of unipolarity, in order to demonstrate the real-world implications of the alliance market theory at the systemic level. In the current unipolar world, the United States has advantages not only in adversary games but also in alliance games by being an ever more attractive alliance partner. As frictions over the Iraq War showed, however, inattention to allies can create serious problems, and even the single superpower can suffer the consequences. All other states in the unipolar system are at a disadvantage in the alliance market, but they should not be too pessimistic. Nonmilitary goods are important in
alliance politics, and the importers of military protection will be better off as military threats decline. If a system-wide decline of military threats takes place, the protection by the United States will not be particularly important except as an insurance against ambiguous security risks or a protection against the unipole herself.

This chapter deals with the long-term systemic shifts in alliance politics, but its major themes are directly relevant to the United States’ alliance policy in the short term too. In the medium to long term, the theory predicts that the United States will start forming new alliances when potential allies come to possess goods that are highly in demand (e.g., cooperation in the war on terror or global economic crisis) and short in supply or when a serious competitive supplier of military protection emerges.\(^{124}\) In the short term, the existing alliance relationships of the United States, especially those with Western European states and Japan, are likely to improve, because the United States remains to be the sole super-ally and yet needs nonmilitary support of the allies to overcome the current economic crisis. On one hand, assuming that the unipolar distribution of military capabilities does not change soon, the systemic incentives Presidents Clinton and Bush Jr. faced still remain. On the other hand, however, my analysis in this chapter also suggests that the bargaining power of America’s allies will rise as the current economic crisis raises the demand for nonmilitary goods in the alliance market. Thus, dependence between the allies is more mutual than before, and the room for exchange is larger. The Obama administration is likely to have better relationships with traditional U.S. allies not only because of learning from the previous administrations

\(^{124}\) As in NATO’s enlargement, domestic politics can also push the United States to form new alliances.
but also because of the systemic advantage of the United States and the system-wide increase in demand for economic concessions.

In the following two chapters, I extend my market theory of alliances to the contractual and domestic aspects. As I repeatedly emphasized, the efficiency gains of exchanges are not obtainable without the protection of contracts. I argued in this chapter that systemic polarity affects the risks of abandonment and entrapment (or, as I explain in the next chapter, entanglement), but states adjust these risks with the contents of alliance contracts. The systemic theory presented in this chapter needs to be supplemented by a domestic theory of alliances too, because those groups and individuals who influence alliance policy may have sets of interest significantly different from what the systemic model assumes to be the interests of the actors in the alliance market.
Chapter 4 : THE RISK OF ENTRAPMENT AND THE CONTENTS OF ALLIANCE CONTRACTS

Europe has a set of primary interests which to us have none; or a very remote relation…It is our true policy to steer clear of permanent alliances with any portion of the foreign world…it is unnecessary and would be unwise to extend them.

George Washington’s farewell address, 1796

At first glance, Washington’s message to the fledgling government seems to be a clear statement refusing alliance politics as part of foreign policy. His strong reluctance, however, underscores the importance of alliance contracts in international politics. If alliance contracts did not have real consequences, such a warning would not be warranted. In fact, within the same passages, Washington emphasizes the sanctity of contracts and argues that the existing “engagements be observed in their genuine sense,” and he also allows for “temporary alliances for extraordinary emergencies.”

In associating alliances and foreign entanglement, we must not miss that the contents of alliance contracts matter. To a certain extent, the mere formation of an alliance creates a vague and broad commitment that entangles the allies regardless of what is agreed. Conditions for activation of an alliance, however, are hardly trivial. Many alliances are not activated unless certain conditions are met, and advancements in recent literature make this point clear. Previously, the reliability of alliances had been
considered to be as low as 27% (Sabrosky, 1980) or 23% (Siverson and King, 1980). For these earlier works, reliability meant whether states joined their alliance partners when wars occurred, regardless of the contents of the alliances. With the Alliance Treaty Obligations and Provisions (ATOP) dataset, which codes specific obligations of alliance agreements, Leeds, Long and Mitchell find that alliances are indeed reliable 74.5% of the time (Leeds, Long and Mitchell, 2000). While the previous datasets coded inaction of allies as a violation of alliance agreements, many situations simply did not constitute a _casus foederis_, a situation in which the terms of an alliance are activated. The gap between these numbers suggests that the contents of alliances have important effects on their reliability (i.e. whether alliances are activated as expected), and consequently, on entanglement of the allies.

This chapter explains one of the central roles of alliance contracts, the prevention of undesirable military entanglement. The existing literature on alliances argues that entrapment—“being dragged into a conflict over an ally’s interest that one does not share”—is a major concern for potential and actual alliance partners (Snyder, 1984, 467).125 There is, however, little accumulation of knowledge on the phenomenon of entrapment, and contractual aspects of alliances in the current literature are reduced to the issue of commitment as a solution to the danger of abandonment, a concept often

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125 On entrapment, see Mandelbaum (1981); Snyder (1984, 1997); Christensen and Snyder (1990); Cha (1999); and Morrow (2000). Another major risk in alliance politics is abandonment—defection by an ally. There is usually a trade-off between measures to correct the two problems (Snyder, 1984, 1997). “Chain-ganging” and “buck-passing” are similar concepts to entrapment and abandonment, respectively (cf. Waltz, 1979; Christensen and Snyder, 1990). Tierney (2008) suggests that defensive chain-ganging, where allies hold each other back from going to war, is possible. Pressman (2008) explains that restraining another state and preventing war is a major reason for the formation and continuation of alliances.
coupled with entrapment.\textsuperscript{126} Theorists as well as policy makers talk about the danger of entrapment, but several conceptual problems make it difficult to even observe.\textsuperscript{127} Most problematically, alliance literature currently has at least two types of entrapment – what I call entanglement and entrapment – without establishing explicit analytical criteria for the phenomenon. I argue that the literature’s use of the term “entrapment” is a mislabeling of the issue and that we need to distinguish among phenomena loosely explained by the term. The risk of entanglement (or entrapment broadly defined) is a necessary component of all military alliances, but states do not have to accept the risk of entrapment narrowly defined when entering alliances. My arguments and findings in this chapter are intuitive, but they have important theoretical and policy implications on the issue of how states avoid undesirable military involvement in their allies’ conflicts. By explaining how to observe entrapment analytically, this chapter also illuminates the reason why entrapment is rare and yet not an illusory concept.

This chapter demonstrates that states carefully design alliance agreements, and that is one of the reasons why serious military entrapment is rare.\textsuperscript{128} Alliance contracts reduce the risk of entrapment by specifying the nature of alliance obligations and conditions for their activation. This is not a new claim in the literature (e.g., Morrow, \textsuperscript{126} Important progress has been made recently on the issue of abandonment. Leeds (2003b) and Leeds and Savun (2007) explain when states tend to violate their alliance obligations. Lai and Day (2007) analyze the relationship between moral hazard and designs of alliances, but I distinguish the issue of entrapment from moral hazard.

I thank Alexander Thompson for suggesting me to consider the aspects of alliance contracts other than commitment.
\textsuperscript{127} I thank Randall Schweller for pointing out the difficulty of finding the cases of entrapment.
\textsuperscript{128} Another important reason is that the likely victims of military entrapment (i.e. suppliers of military protection) have a good chance of resisting entrapment exactly because they are more powerful than the lesser allies. For the “rational design” of various international institutions, see the special volume of \textit{International Organization} on the subject (2001, vol.55, no.4).
2000, 73), but little empirical work has been done in its support. Indeed, 310 of 538 alliances in the ATOP dataset have one or more conditions for activation of the alliance obligations (e.g., specific adversary, specific location, non-provocation by the ally), and this chapter explains when and how allies limit their alliance obligations. I argue that a state’s alliance obligations are more likely to be conditional when it has more fear of entrapment or more bargaining power, and I test the argument with a statistical analysis of the ATOP dataset and case studies of six alliance agreements.

For case studies, I examine U.S. alliance agreements with the Republic of Korea, Japan, and Spain. These cases are ideal for the purpose of this chapter, because they present variations in my explanatory variables, the fear of entrapment and intra-alliance bargaining power, and also because there are diplomatic records of the alliance negotiations, with which we can directly examine the variables rather than infer them from the circumstances. The U.S.-ROK alliance is considered to be a typical case where a patron state fears entrapment by its client, but both conceptual and historical analyses suggest that the story is not so simple. The U.S.-Japan alliance shows that military capabilities alone do not determine the fear of entrapment; in this case, it was the client state that feared entrapment. While Japan did not have enough bargaining power at the time of the 1951 treaty, it managed to insert safeguard clauses against entrapment in

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129 As in other chapters, I do not include “alliances” solely made of the obligation of nonaggression. Inclusion of these “alliances” would mean that pairs of countries such as the United States and Russia, and South and North Korea are allies. On the difference of nonaggression pacts from other alliances, see Mattes and Vonnahme (2008).

the revised security treaty of 1960. Among 26 American alliances in the ATOP dataset, the first period (1963-1970) of the alliance between the United States and Spain is the only one without a condition for activation. This, I argue, is due to the low level of commitments made and the low risk of entrapment for both sides. As concerns for entrapment increased, however, the bilateral agreement was revised to include clauses against entrapment.

In the sections that follow, I first explain problems with the concept of entrapment and argue that the label of entrapment should be more narrowly applied. I then argue that states design alliance agreements in such ways that they sometimes get entangled but seldom tricked into an undesirable conflict. I also argue that concerns for entrapment, despite the common misunderstanding, are not just for strong states, and that weak states indeed have more reasons to fear entrapment. In the empirical section, I first present an analysis of the ATOP dataset that establishes that factors which increase a state’s fear of entrapment or bargaining power make alliance obligations more conditional. The case studies of the United States’ alliances with South Korea, Japan, and Spain further demonstrate that concerns for entrapment and shifts in bargaining power affect the designs of alliances over time. In conclusion, I discuss the theoretical and real-world implications of this chapter.

CONCEPTUAL PROBLEMS OF “ENTRAPMENT”

According to Michael Mandelbaum, who first coined the term “entrapment,” every member of an alliance potentially fears that “he will be entrapped in a war he does not wish to fight” (1981, 151). Glenn Snyder, who popularized the concept, defines
entrapment as “being dragged into a conflict over an ally’s interests that one does not share, or shares only partially” (1984, 467). Snyder’s definition can accommodate nonmilitary entrapment, and it is argued that alliances can cause political and economic entrapment as well (e.g., Snyder, 1997, 357; Press-Barnathan, 2006, 280-281). Broadly defined, therefore, entrapment, as it is currently used in alliance literature, is the process by which a state is dragged into a costly and unprofitable enterprise of its ally because of the alliance. A broad interpretation of entrapment is useful when concerns for alliance politics have effects on policies in nonmilitary fields, but, for simplicity, I limit this chapter to the discussion of military entrapment.

There are more important conceptual problems with the term entrapment, and we have to solve the problems in order to advance the research and identify how to prevent undesirable military involvement. Among others, three main problems confuse the users of the term; namely, 1) independent effects of alliances are not explicitly observed, 2) whether a victim of entrapment has a desire for involvement is not clear, and 3) entrapment is often erroneously equated with the problem of moral hazard, the tendency of those protected by contracts to behave less carefully. Considering these problems, I use “entanglement” for what is now loosely called entrapment. As I discuss below, “entrapment” should mean only a subset of entanglement. Furthermore, moral hazard is neither a necessary nor sufficient condition for entrapment or entanglement, and moral hazard could be present in entrapment, entanglement, or other situations (see Figure 4.1).
I define entanglement as the process whereby a state is compelled to aid an ally in a costly and unprofitable enterprise because of the alliance. Entanglement often improves the relationships between allies, and this benefit sometimes outweighs the cost of involvement. Therefore, a state could desire entanglement for an improved relationship with its ally, although such a situation would most likely be limited to cases where the fear of abandonment is disproportionately higher than the fear of entanglement. Even when the cost of involvement is higher than the benefit, a state can still choose to get entangled because there is a reputational cost for non-involvement.  

(I) A state desires to get involved in its ally’s war when:

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131 Sometimes, “decision makers come to believe that support for one’s allies, regardless of its consequences, is essential to their national prestige, and that the failure to provide support would ultimately result in their diplomatic isolation in a hostile and threatening world. This symbolic significance of an alliance commitment may also become linked with public opinion…and the domestic security of elites, thus further increasing the importance of alliance solidarity” (Levy, 1981, 582-583).
Benefit of involvement – Cost of involvement > 0.

(II) A state chooses to get involved in its ally’s war when:

Benefit of involvement – Cost of involvement > 0 – Cost of non-involvement.

As I explain below, entrapment should be more narrowly defined than it currently is, and military involvement should not be called entrapment when the condition (I) holds.

I define entrapment as a form of undesirable entanglement in which the entangling state adopts a risky or offensive policy not specified in the alliance agreement, and the entrapped state has no desire to get entrapped. My definition of entrapment does not preclude the possibility of states accepting the risk of entrapment before the event or the possibility of states choosing to get entrapped. States at times accept some risk of entrapment in order to maximize the benefits of alliances. When the situation of entrapment actually develops, these states may or may not follow through with their commitments. If the long-term reputational cost of violating the commitments outweighs the net cost of the involvement, then the states choose to get entrapped, although they do not positively desire to do so. Thus, entrapment is a real risk in alliance politics.

Entrapment, however, should be rare, because states do not have to accept the risk of entrapment unlike the risk of entanglement. In order for states to benefit from alliances, they have to accept some risk of entanglement, because the benefits come from the possibility of entanglement. In contrast, states can benefit from alliances without accepting the risk of entrapment (i.e. being obligated to support their allies’ offensive or risky behavior that draws them into undesirable situations).

In order to play as central a role in alliance theory as it does now, entrapment
must be observed as an independent effect of alliances. One of the most important questions to ask is, what would have happened if there were no alliance tie? If the answer to the counterfactual question does not differ much from the reality, the cause of the third-party involvement is not to be found in alliance politics. Naturally, the entrapped must be allied to the entrapping state, and the alliance must be an important cause of the military involvement. When a third-party involves itself in a conflict for its own interests, aside from concerns for its alliance, the military involvement does not qualify as entanglement, let alone entrapment. For instance, although the United States has been afraid of getting entrapped into a second Korean War, it is analytically confusing to argue that the United States was entrapped into fighting in the Korean War. In 1950, when the United States intervened in the war, the Republic of Korea was not its ally—a major reason why the North chose to attack the South in the first place. States get involved in military conflicts for many reasons, and involvement without the tie of an alliance does not constitute entrapment or entanglement. To be theoretically meaningful, this tie must be a formal alliance rather than an alignment. Alignments reflect the interests of states and do not add as much to an explanation of state behavior as formal alliances do. An alignment of A and B may appear to be explaining an outcome X, but if the relationship between A and B is defined by a set of outcomes, the explanatory power of the relationship is weak. At worst, the argument would look like, “A and B did X, because they are informal allies,” and “A and B are informal allies, because they did X.”

Another important confusion about the concept of entrapment derives from the unclarity of whether a victim of entrapment has a desire for involvement. Despite the
label of the term “entrapment,” Glenn Snyder suggests that “the French military and some civilian leaders positively desired to be entrapped by a Russian adventure in the Balkans” before the First World War, because they were afraid of abandonment (Snyder, 1997, 316). Such a case is important because the positive desire derives from concerns for alliance politics, but we should perhaps call it a desire for entanglement. Whereas a desire for entanglement is possible, a state cannot desire entrapment because the state is not “entrapped” into a conflict if it desires to be involved. A state usually has a choice in both entrapment and entanglement, but the impossibility of desiring something that is against your will still distinguishes entrapment from other cases of entanglement, because choosing to do something is different from desiring to do something. An entrapped state has to be reluctant for semantic reasons, while we also need to take into account the possibility that a state may actually desire entanglement. When the desire for involvement in another state’s conflict is not caused by concerns for alliance politics, the involvement is not even entanglement.

The third group of conceptual problems is caused by the use of moral hazard to explain entrapment. In recent international relations literature, entrapment is sometimes equated with moral hazard. According to James Fearon, “leaders often may shy away from absolute commitment due to the perverse effects this can have on the incentives of the state or group receiving the commitment. Sometimes called the problem of

132 Snyder notes that German military figures expressed a similar opinion “regarding the desirability of the war’s breaking out over Austrian rather than German interests” (Snyder, 1997, 317).
133 Even in cases of entrapment, where states are more reluctant than in other cases of entanglement, states must have made a choice to submit to the entrapment, unless their allies involved them in a conflict in irreversible ways (e.g. an ally launching an attack from the states’ territories without their approval) or the enemy attacked them because of the alliance ties.
entrapment…it also might be called the problem of moral hazard in alliances and extended deterrence” (1997, 84). As David Lake puts it, “entrapment is a problem of moral hazard, also a problem in insurance markets, where commitments, once issued, cause the partner to act in a more risky, negligent, or aggressive fashion than before” (1999, 53). When Brett Ashley Leeds writes about “the potential for entrapment,” she explains that states “that feel assured of allied support may engage in more aggressive and risky foreign policies, exposing allies to an increased risk of unwanted war” (2003, 806). These researchers are correctly pointing out one aspect of entrapment but not others, because the definition of entrapment they seem to have in their minds is narrower than that posited by alliance literature as a whole (i.e. entanglement, in this chapter). A risky or offensive policy of an ally is not a necessary condition for entanglement, while the term entrapment seems to imply such behavior.

In any case, equating moral hazard with entrapment in the broad sense (i.e. entanglement) or even in the narrow sense (a subset of entanglement) is problematic for the following reasons. First, moral hazard is just one of the possible situations in entrapment and is not a necessary part of the definition. What happens if an ally is cautious but still gets attacked by its enemy, thereby dragging a state “into a conflict over an ally’s interests” (Snyder, 1984, 467)? This, without an element of moral hazard, is entrapment in the broad sense (i.e. entanglement). What happens if an ally takes a risky policy and drags a state into a conflict, but the adventure was not caused by the expectation of support from the state? This is not moral hazard because the ally’s

134 The United States arguably entrapped some of its allies into the Iraq War, but it waged the war
recklessness is not due to the alliance tie, but it constitutes entrapment in the narrow sense because the state gets involved in the conflict because of the alliance. Second, the effect of moral hazard is not unique to entrapment; any third-party involvement — entrapment, entanglement, or non-entanglement — creates such an effect. Whether the third-party is an ally or not, whatever the motivation of the third-party, an expectation of its support can create a moral hazard problem. Third, the prospect of entrapment can actually have a counter-effect to the problem caused by moral hazard. Unlike an insurance policy, such as one you would have on a vehicle, an alliance commitment deters an enemy and can reduce the likelihood of conflict.¹³⁵ Thus, we should not only avoid equating entrapment with moral hazard but also remember that an alliance tie can decrease the risk of military involvement for a state -- an opposite prediction from one based on the moral hazard argument.¹³⁶

Table 4.1 summarizes the conceptual differentiation proposed above. Entrapment or entanglement occurs when an alliance causes a state to be dragged into an enterprise. Moral hazard, in contrast, occurs when the expectation of support causes a state to drag another state into an enterprise.

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¹³⁵ Car insurance does not deter other drivers from having accidents with the insurance holder, but an alliance has such an effect. For similar situations in humanitarian interventions, see Rauchhaus (2004).
¹³⁶ In addition, it was pointed out that entanglement, entrapment, and military involvement all refer to a state’s reaction to its ally’s activity, whereas the moral hazard refers to the ally’s behavior.
Table 4.1. Types of Military Involvement in Another State's Conflict

<table>
<thead>
<tr>
<th>Must be allied</th>
<th>Entrapment in narrow sense</th>
<th>Entanglement</th>
<th>Military involvement but not entanglement</th>
<th>Moral hazard*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation to get involved aside from alliance concerns**</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Irrelevant</td>
</tr>
<tr>
<td>Desired</td>
<td>Never</td>
<td>Possible but only for alliance concerns</td>
<td>Sometimes</td>
<td>Irrelevant</td>
</tr>
<tr>
<td>Ally adopted a risky or offensive policy without agreement</td>
<td>Yes</td>
<td>Irrelevant</td>
<td>Irrelevant</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*Technically speaking, moral hazard is not a type of military involvement; the expectation of military involvement causes moral hazard.

** What I distinguish here are ideal types; in reality, states often have mixed motives.

I add the last criterion, whether an ally adopted a risky or offensive policy that is not specifically allowed in the agreement, to the table, because the term “entrap” implies this, and also because the issue is crucial for both the theory and policy of alliance management. This criterion, along with the impossibility of being desired, distinguishes entrapment from other cases of entanglement.

Because this chapter is about how states cope with the risk of entrapment, I do not discuss specific cases of entrapment. A couple of examples, however, illustrate my points. The Iraq War seems to be a case of entrapment for some states. The United States took an offensive policy, and some of its formal allies reluctantly joined the conflict because of the concerns for their alliances with the United States, although some
may have gotten involved because of non-alliance concerns (e.g., the United Kingdom believing in the threat presented by Iraq), and some may have desired to join the conflict in exchange for various expected economic benefits.\(^\text{137}\) Japan and South Korea, for example, reluctantly sent troops to Iraq to avoid frictions with the United States; while these two countries also hoped that they would be rewarded in U.S. policy toward North Korea, they did not desire to get involved (Geunwook Lee, 2006; Saunders, 2007). The military risk of the involvement for the U.S. allies was not significant, and this further supports my argument that states seldom get entrapped because they carefully adjust the risk.

World War I is a paradigmatic case of chain-ganging, a concept sometimes equated with entrapment, but no one really got entrapped into the war.\(^\text{138}\) Chain-ganging and buck-passing are often associated with alliance ties, but they are primarily processes of balancing and non-balancing, and balancing does not require formal alliance ties. The combatants of World War I—be they expansionist or defensive—joined the war to create a balance of power favorable to them and only partially to honor their alliance commitments. A state does not get “entrapped” into a conflict when its own interest is at stake.

**States avoid entrapment by conditional activation of alliance obligations**

\(^{137}\) Newnham (2008) shows how the United States used economic linkage to form the coalition.

\(^{138}\) On chain-ganging in World War I, see Waltz (1979, 167); and Christensen and Snyder (1990). Michael Mandelbaum considered the outbreak of World War I to be a case of entrapment because “Britain, Germany, Russia, and France were drawn into war by the quarrels of their lesser allies” (1981, 152), but he also conceded that the war is not “an unalloyed example of entrapment” (1981, 260).
With the conceptual problems understood, my argument is simple: the contents of alliance contracts are meant to prevent entrapment but not necessarily to prevent entanglement. After all, alliances are supposed to entangle allies, although deterrence does not require actual entanglement. Because the benefits of an alliance derive from the possibility of entanglement, preventing all entanglement is not an option if one wants to benefit from an alliance. Therefore, states carefully design alliance contracts so that they prevent entrapment while not diminishing the value of alliances by preventing entanglement altogether.

It is an intuitive argument but still an important one. States by definition desire to avoid entrapment, but that does not tell us whether states are able to avoid it or how they avoid it. I argue that states are usually successful in avoiding entrapment (hence, the lack of cases) and the contents of alliance contracts are important. Paul Schroeder once wrote that “analyzing and categorizing alliances according to their types or provisions (defensive or offensive, limited or unlimited, consultative or automatic, with or without military conventions, bilateral or multilateral) are not likely to be very helpful in describing what alliances really do” (1976, 255). My seemingly commonsense argument actually gives answers to some contestable issues; it suggests that contents of alliance agreement are important and avoiding entrapment is possible, in fact not too difficult, and it also leads to the explanation of specific ways states avoid entrapment.

**Fear of Entrapment**

Certain factors affect the likelihood of undesirable military involvement in an ally’s conflict caused by the ally’s risky behavior; if states carefully design alliance
contracts, as I argue in this study, these factors should affect the conditions of alliance obligations.

Hypothesis 1: Alliance obligations of a state that faces a higher (lower) risk of entrapment are more (less) likely to be conditional.

By conditions on alliance agreements, I mean the limitations of alliance obligations to particular circumstances. The ATOP dataset, for example, codes whether an obligation is conditional upon a particular adversary or type of adversary, a particular location, a particular ongoing conflict, the number of adversaries, the ally or the adversary meeting certain demands, or the ally not provoking the adversary. By imposing conditions on alliance obligations, a state creates escape clauses and limits its commitment to the ally. Conditionality of alliances must be distinguished from their “precision,” which “narrows the scope for reasonable interpretation” (Abbott, Keohane, Moravcsik, Slaughter, and Snidal, 2000, 412). A precise agreement can either increase or decrease a state’s commitment to its ally, whereas a conditional obligation is always weaker than an unconditional one, with other things being equal.139 For instance, when a state is obligated to defend its ally only when the ally was attacked by a particular adversary or in a particular location, the defense commitment is necessarily weaker than an unconditional defense commitment.

States fear entrapment because they cannot control their ally and yet might have to suffer the consequence of the ally’s behavior. The risk of entrapment increases when an alliance agreement leaves room for opportunistic behavior, when a potential victim of

139 A conditional obligation, however, is often more credible than an unconditional one.
entrapment is concerned about its reputation or when the physical conditions (e.g., capability, geography) make it easier for the ally to take advantage of the victim. On the other hand, the cost of entrapment for the victim is discounted to the extent that the victim of entrapment shares the ally’s interest. Thus, the risk of entrapment should be affected by the contracts themselves (e.g., types and formality of commitment), interest-related variables (e.g., compatibility of interests and arrangements between allies), and physical conditions that affect the ease of entrapment (e.g., distribution of capabilities, ongoing conflicts, geography). Because states take measures to alleviate the risk of entrapment, we cannot directly observe the causal effects of these factors on the occurrence of entrapment. We can examine the fear of entrapment expressed by policy makers and their relationships to these factors, but doing so with a large number of cases is difficult. Therefore, I examine the relation between these factors and conditions of alliance agreements.

First, the risk of entrapment varies according to the type of commitment and the formality of the alliance agreement. Even defensive alliances entail a risk of entrapment, for example, by a provocative action of a state, but offensive alliances are far more susceptible to risky or offensive actions on the part of one of the alliance partners. Because the risk of entrapment is smaller when a state is only obligated to consult its ally, the consultation pacts should be less conditional. Neutrality pacts are tricky because they impose a risk of undesirable non-involvement. By definition, neutrality pacts are agreements against military involvement in an ally’s conflict, but such agreements are necessary exactly because the state may have an interest in getting involved in the ally’s
conflict. Therefore, neutrality pacts may create a perverse fear of entrapment into non-action and may turn out to be fairly conditional. Since neutrality of a state can be exploited by other states with offensive purposes, unconditional neutrality pacts leave room for opportunistic behavior. In addition to the types of commitments, we should expect the formality of alliance contracts to have an effect on the risk of entrapment and conditions on the alliance obligations. Requirements of ratification are likely to increase the risk of entrapment by raising the domestic and foreign audience costs.\textsuperscript{140} The process of ratification is also likely to produce more conditions on alliance obligations by providing the opportunities for domestic actors to impose their will on an alliance agreement.\textsuperscript{141}

Second, a set of variables that shape the interests of the allies influences the risk of entrapment. According to Glenn Snyder, the “ratio of common to conflicting interests affects primarily the probability of abandonment and the cost of entrapment” (Snyder, 1997, 187).\textsuperscript{142} The cost of entrapment is not the cost of military involvement in general. The cost of supporting the ally is offset to the extent that the involvement serves the state’s own national interest. Sometimes, the state has its own reason to fight the ally’s enemy. While the compatibility of interest is central to the assessment of entrapment, its operationalization is very difficult. As an indicator of common interest, I use the

\textsuperscript{140} On audience costs, see Fearon (1994), Gelpi and Griesdorf (2001), and Tomz (2007).
\textsuperscript{141} There is a countering effect, however. When ratification is necessary, allies may have to satisfy themselves with a low level of commitments (or the country with the requirement may use the legislature’s opposition as an excuse for limited commitments). This limitation of commitments reduces the risk of entrapment and makes conditions on alliance obligations less necessary.
\textsuperscript{142} Common interests in general reduce the probability of abandonment, but not always. If you know that your ally will behave in a way compatible with your interest, you may not need her as your ally. Similarly, you might want to keep binding a state with conflicting interests through an alliance tie.
similarity of alliance portfolios, following the practice of previous works (Signorino and Ritter, 1999; cf. Bueno de Mesquita, 1975).

Certain arrangements between allies either reduce the risk of entrapment by increasing common interest or represent the lack of concerns for entrapment because of the high compatibility of allied interests. Military and nonmilitary cooperation changes the allies’ incentive structures by increasing their mutual dependence. Therefore, the more military and nonmilitary cooperation allies have, the more common interest they share and the lower the cost of entrapment. Furthermore, such arrangements as joint planning and integrated operational command restrict deviations from the common interests by directly influencing the actions of the ally. Thus, such arrangements, at least for an ally that has the upper hand, reduce the risk of entrapment and are likely to reduce the necessity for conditions on alliance obligations. Alternatively, states may enter these arrangements because they have highly compatible interests, in which case safeguards against entrapment are not necessary. Since states with incompatible interests are not likely to be able to coordinate their military policy, the presence of coordination reflects common interest, in addition to causing one. Either way, we should expect cooperative arrangements between allies to be negatively related with conditions on alliance obligations.

Bilateral alliances contain a fewer number of interests to be reconciled and are expected to have fewer conditions on their obligations. The distance between the

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143 Concerns for endogeneity may arise here, but the dependent variable is conditions of alliance obligations, not alliance formation.
144 On the other hand, a state worrying about entrapment might want to put both conditions and these arrangements in place; in that case, they will then have a positive correlation.
positions of bilateral allies is not necessarily smaller than those between members of a multilateral alliance, but multilateral agreements simply have more contingencies to cover than bilateral alliance agreements.

Third, a set of physical or material factors influences the risk of entrapment and conditionality of an alliance. We should expect states with greater capabilities to make their alliance obligations (and those of their allies) more conditional. The literature has emphasized the effect of the compatibility of interests on entrapment (cf. Snyder, 1997), but not the effect of the distribution of capabilities—except for the common view that weak allies fear abandonment while the stronger fear entrapment (e.g., Cha, 1999; Morrow, 2000). Weaker allies actually have more reasons to worry about entrapment in general, but here I focus on the fear of military entrapment. I argue that strong states should be more worried about military entrapment because they are more inclined to be suppliers of military force and that states allied with strong states should also be worried about military entrapment because strong states should be more successful in entrapping their allies than weak states are. On the second point, stronger states have a greater ability to coerce weaker states into entrapment, and they also have better control of the overall situations outside their alliances. Weaker states tend to be more dependent on their allies, and the dependence makes entrapment by the stronger states more likely to succeed.

Regarding the distribution of capabilities, one may wonder if power balance between allies affects the risk of entrapment. For instance, Lai and Day (2007) argue that concern for moral hazard is more manifest when there are power disparities among
members of an alliance. I do not, however, have a clear expectation about the effects of power asymmetry on conditionality of alliance agreements. On one hand, when there is a large power disparity, the stronger state is likely to make its obligations conditional. On the other hand, however, when the capability gap is small, even the weaker ally may be strong enough to limit its alliance obligations. What really matter in this context are whether the state is militarily strong enough for its ally to rely on and whether the state has enough power to entrap the ally.

Situations surrounding allies also affect the risk of entrapment. When one or more allies are in a military conflict when they form an alliance, the risk of military entrapment is high, because the alliance already has a high likelihood of fighting a war. We should, therefore, expect that wartime alliances have more conditions than alliances formed in peacetime, for which the risk of military conflict is still hypothetical. Another important factor surrounding allies is geography. Entrapping an ally is easier when the ally is in the same region as the state doing the entrapping. Other things being equal, an ally in the same region is more likely to choose to get entrapped because it has higher stakes in the local situations. Moreover, even when the ally would not choose to get entrapped, geographic proximity makes pushing the ally into a conflict much easier. During the Cold War, neither West Germany nor Canada wished to entrap the United States into a war against the Soviet Union, but if they did, Canada would have been more likely to succeed. Although Berlin was the focal point of the Cold War and the United States had a strong stake in West Germany, the Europeans still worried about being abandoned in Berlin, because “the Atlantic Ocean was a formidable barrier between
protector and protected, even in the jet age” (Mandelbaum, 1981, 155). The United States needed to reassure the Europeans repeatedly because the geographic distance made it difficult for Europeans to entangle the United States. President John Kennedy needed to say that he was a Berliner exactly because he was not a European. Thus, we should expect allies in the same region to make their alliance obligations more conditional.

**Bargaining Power**

The previous section discussed motivations for states to have conditions on their alliance obligations, but they also need bargaining power to impose the conditions. Weaker states often have to accept the risk of entrapment to reduce the fear of abandonment.

*Hypothesis 2: Alliance obligations of a state with stronger (weaker) bargaining power are more (less) likely to be conditional.*

Other things being equal, materially stronger states have more bargaining power vis-à-vis their partners and have more capacity to make their alliance commitments conditional. As in my discussion of capability as a motivating factor, the capability ratio between two allied states is not as important as their shares of capabilities in the international system. The contest is not between the allies but between the allies and those outside the alliance because bargaining power of a state depends primarily on the state’s alternative options when abandoned by the current ally.

---

145 In another paper with case studies, I examine the dynamic relationships between changes in bargaining power and the contents of alliance agreements.
Another important variable that represents the distribution of capability and affects the bargaining situations is systemic polarity, that is, the number of great powers. Polarity captures the alliance dynamics outside the pair of states that are actually allied or thinking about forming an alliance, because the number of great powers affects the availability of alternative allies who can provide significant military force. Because there are many options to choose from in a multipolar system, alliances are more fluid in a multipolar system than in a bipolar system (Waltz, 1979; Duncan and Siverson, 1982; Snyder, 1997). In a multipolar system, states do not need to commit strongly to one particular alliance, and they should accordingly have more conditions on their alliances. The large number of exits gives alliance members certain “bargaining power,” though not in a zero-sum way. The opposite can be said about the more rigid alliance networks of bipolarity; the fewer the alliance options, the fewer reservations states should have about their alliance commitments. There are many lesser states to form alliances with even in a bipolar or unipolar system, but these alliances play a smaller role in military affairs and consequently require fewer conditions on their wartime obligations.

A state that has powerful outside allies is expected to have strong bargaining power vis-à-vis its partner, because “the relative negotiating power of two parties depends primarily upon how attractive to each is the option of not reaching agreement” (Fisher, Ury and Patton, 1981, 102). If the state pushes hard and gets abandoned by the ally, it still has others to turn to. The more powerful the outside allies are, the harder the state can bargain.
In addition to these sources of bargaining power at the international level, democratic political institutions create a bargaining leverage, especially in the direction of increasing conditions. As the number of critical decision makers increases, more conditions are likely to be proposed, and these demands are more credible than those of nondemocracies, because domestic opposition ties the hands of negotiators from democracies (Schelling, 1960; Putnam, 1988; Evans, Jacobson and Putnam, 1993). When both allies are democratic, the bargaining advantage may be offset, but the number of conditions is expected to increase.

The following figure illustrates the foregoing discussion.
Figure 4.2. Fear of Entrapment, Bargaining Power, and Conditions on Alliance Obligations
Finally, a caveat is warranted here regarding the causal effects discussed above. As there are many factors that affect the risk of entrapment, there are a variety of conditions that reduce the risk. I presented above my expectation about the causal relationships between various factors and the overall conditionality of alliance agreements, but I also expect some variations in these factors’ effects on specific conditions. For instance, although I expect wartime alliances to be more conditional, it does not make much sense for such alliances to be conditional upon location, because the geographic limitation will hamper the allies’ military operation; in such circumstances, conditions on an adversary or a particular ongoing conflict should be employed to reduce the risk of entrapment. Similarly, although I expect alliances formed by states in the same region to be more conditional, they may be less conditional in terms of location, because the geographic scope of the alliances are more self-evident than that of cross-regional alliances. Therefore, in addition to the overall relationship, I examine the effects of the factors above on specific conditions of alliance agreements in my statistical analysis.

**Weak allies worry about entrapment too**

My second argument stated above may seem somewhat obvious, but this point is often forgotten because of the common view that weak allies worry about abandonment rather than entrapment (Cha, 1999; Morrow, 2000). Granted, weak allies are less likely to be able to impose conditions on their obligations, and they probably have less need to do so, because they are not likely to be important suppliers of military force, but we still should not ignore weak states’ fear of entrapment. Weaker allies have reasons to worry
about entrapment, and as we will see in the case studies, they have tried to reduce the risk of entrapment when opportunities such as renegotiations of alliance agreements emerged.\footnote{On renegotiations of international institutions, see Koremenos (2001); and Koremenos, Lipson and Snidal (2001).}

As noted above, it is commonly argued that stronger states fear entrapment, while weaker states fear abandonment, but this is actually a strange proposition. First, stronger states have a greater ability to refuse entrapment for themselves and to coerce weaker states into entrapment. Second, stronger states have better control of the overall situations outside their alliances. Finally, weaker states tend to be more dependent on their allies, and the dependence makes entrapment more likely to succeed. In short, stronger states should be more successful in entrapping their allies than weaker states are; hence there should be a greater fear of entrapment for weaker states. For instance, it was Japan that feared entrapment in the U.S.-Japan alliance, and America’s allies in Europe also feared entrapment in some occasions, because the United States had the final say in the most important decisions for the alliances (e.g., fighting a war against the Soviet Union, using nuclear weapons).

There are two reasons for the popular and misleading perception that stronger states fear entrapment more. First, states balance the fear of abandonment and entrapment (Snyder, 1984, 1997). Stronger states have more room for worrying about entrapment, because they worry less about abandonment than weaker states do. Second, the literature on entrapment has focused on military affairs. Since stronger allies often supply military protection to their weaker partners, it is natural that the former worry.
about military entrapment more (e.g., the fear of entrapment among Americans and the fear of abandonment among the U.S. allies during the Cold War). Weaker allies, however, have more reasons to worry about entrapment than stronger allies do.\textsuperscript{147}

Since weaker allies are motivated and only lack bargaining power to reduce the risk of entrapment, they should ask for more conditions on their obligations as their bargaining positions improve (see Figure 4.3). Renegotiations of the U.S.-Japan alliance and the U.S.-Spain alliance show us exactly this.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4.3.png}
\caption{Shifts in the Fear of Entrapment and Bargaining Power, and Renegotiation of Alliance Agreements}
\end{figure}

\textit{Hypothesis 3: When a state’s fear of entrapment, bargaining power, or both increase over time, the state’s alliance obligations are more likely to become conditional.}\textsuperscript{148}

\textsuperscript{147} This may be one of many reasons why major states (as defined by the Correlates of War project) are more actively engaged in alliance politics. In the period between 1816 and 2002, the average number of alliances for a major power in a given year is 4.7 while it is 1.3 for a minor power.

\textsuperscript{148} Instead of this probabilistic hypothesis, one could argue that the fear of entrapment and bargaining power are necessary conditions for limiting alliance obligations. That alternative, however, will only lead to the question of how much fear and bargaining power are necessary.
The statistical analysis below supports my argument that alliance obligations are more conditional when alliance partners have more fear of entrapment or bargaining power at a point in time. The ensuing case studies further illustrate how shifts in the fear of entrapment and bargaining power affect the designs of alliances over time.

**QUANTITATIVE ANALYSIS**

**Relevant Variables**

The primary dependent variables for the following analysis are the number of conditions per obligation for an alliance and for a member of an alliance. States reduce the risk of entrapment by making activation of the alliance obligations conditional upon such circumstances as “a particular adversary or type of adversary,” “a particular location,” “a particular ongoing conflict,” “the number of adversaries,” “the ally or the adversary meeting certain demands detailed in the agreement,” “the ally not provoking the adversary,” and “the ally being attacked” (see Table 4.2). For three conditions that have sufficient observations in their own category (i.e. adversary, location, and ongoing conflict), I test the effects of independent variables on different types of conditions. For the alliance level, I focus on bilateral alliances and examine the effects of the variables described below, including those that are dyadic in nature. Of the 446 bilateral alliances, 249 have at least one condition on their alliance obligations (whereas 61 of 92 multilateral alliances are conditional). I exclude multilateral alliances from my analysis at the alliance level, because only a limited number of dyads in multilateral alliances are conditional.

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149 We need to control for the number of obligations, because the more obligations an agreement contains, the more opportunities there are for conditions to be imposed.

150 For the definitions of variables from the ATOP dataset, see ATOP Codebook version 3.0, July 12, 2005.
meaningful for the current purpose (e.g., dyads that include the United States in NATO). For the member level, I look at members of both bilateral and multilateral alliances to examine the effects of the variables at the unit level. Of the 1,647 memberships in the member-level ATOP dataset, 981 have at least one condition.

The primary alliance obligations coded in the ATOP dataset are defense, offense, neutrality, and consultation, and an alliance or a member can have multiple obligations. For the formality of alliance contracts, I use ESTMODE from the ATOP dataset, a dummy variable which is coded 1 if the written document establishing the alliance is a formal treaty requiring ratification.

For the measure of common interest, I use the similarity of alliance portfolios (Bueno de Mesquita, 1975; Signorino and Ritter, 1999). More specifically, I use EUGene version 3.1 to generate weighted S scores with all states in the global system included in the calculation (Bennett and Stam, 2000).

For the distribution of capabilities, I use the Composite Indicator of National Capability (CINC) from the Correlates Of War (COW) project, which is the most widely used indicator of national capability in international relations research (Singer, Bremer and Stucky, 1972).

There are many ways to periodize polarity, but I follow Glenn Snyder (1997, 18); the international system was multipolar until the end of the Second World, bipolar through 1989, and unipolar thereafter.¹⁵¹

¹⁵¹ For examples of works that operationalize polarity, see Modelski (1974); and Rapkin, Thompson, and Christopherson (1979).
Capabilities (CINC) of all allies of a state in a given year are combined to measure the outside alliance options. This is superior to using the number of allies, because both the number and the sizes of the outside options affect a state’s bargaining power. Conveniently, the CINC represents a state’s share of the international system and does not need to be controlled for the number of states in the system.

Several variables from the ATOP dataset represent important arrangements between allies. NOMICOOP is a dummy variable that is coded 1 “if the alliance agreement includes provisions for cooperation on non-military issues, for instance, economic cooperation, protection of minorities, scientific or cultural exchange, environmental protection, etc.” I modify ECAID to a dummy variable that indicates whether the alliance agreement provides for economic aid.\(^\text{152}\) I modify MILCON to a dummy variable that indicates whether the alliance agreement includes “provisions requiring contact among the military planners/armed services of the alliance members for the purpose of coordination.” INTCOM is a dummy variable that indicates “whether the agreement provides for an integrated command among the allies” in both peacetime and wartime. I modify SUBORD to a dummy variable that is coded 1 when “the agreement provides for the forces of one party to be subordinated to the forces of another party during conflict.” BILAT is a dummy variable that is coded 1 when the alliance is bilateral.

\(^{152}\) I modify some of the ATOP variables because their original values are unnecessarily complex for the current purpose. For instance, ECAID is coded 1 if “a general or nonspecific obligation for economic aid appears,” 2 if “one or more members promises economic support for postwar recovery,” 3 if “one or more members commits to trade concessions, including the granting of MFN status.”
The ATOP dataset has a dummy variable WARTIME, which is coded 1 if any member of an alliance was a participant in a war at the time the alliance was initially formed. To account for the effects of geography, I create a dummy variable that is coded 1 when two states are in the same region according to the Correlates of War Interstate System Members list, which includes five regions of the world (i.e. Europe, the Middle East, Africa, Asia, and the Americas).

For democracy, I use the revised combined Polity score (Democracy - Autocracy) of Polity IV data for the member level (Marshall and Jaggers, 2002). The sum of the scores of two allied states is used for the alliance level, because I expect that increased democracy in either of the allied states will lead to more conditions and because there is no theoretical reason to believe that a certain combination of democracy scores will lead to more conditions than others when the sums of the scores are the same.

Although desirable as a control variable, I exclude trade from this analysis because it limits the number of observations due to the availability of the data.\textsuperscript{153} Trade relationships create stakes in other states’ fates and affect a country’s willingness to dispense with conditions on alliance obligations. Military involvement due to trade ties and not because of alliance ties, however, is not entrapment, because the motivation does not come from concerns for alliance politics.\textsuperscript{154} The results including trade-related variables are not presented because of the said reason, but I check whether their inclusion significantly changes the results. For this purpose, I use Katherine Barbieri’s trade data

\textsuperscript{153} Including trade variables does not change the basic results.
\textsuperscript{154} Fordham (2008) argues that exports have indirect effects on American intervention in foreign conflicts by shaping alliance commitments in the long run.
(v 1.1) for total bilateral trade values (imports + exports) between two states for the alliance level and a state’s total trade values for the member level (Barbieri, 2005).

I also add the year of signing as a control, because it is correlated with other independent variables as well as the dependent variables: “alliances formed in earlier eras are more likely to contain conditional statements” (Leeds and Mattes, 2007, 192).

For the analysis of the number of conditions per obligation for each specific condition, I control for the number of conditions per obligation for other types of conditions because they may have complementary or substitution effects (e.g., a condition on a particular conflict may reduce the necessity of a condition on a specific location).

Finally, I consider the effects of the variables defined above to be additive. To a limited extent, the fear of entrapment and bargaining power probably have an interaction effect on conditions on alliance obligations; if a state has no fear of entrapment, it may not make its obligations conditional regardless of its bargaining power, and a state with no bargaining power cannot demand conditions no matter how much it fears entrapment. These situations are extreme, however, and a state usually has some, if little, fear of entrapment and bargaining power in an alliance. Moreover, a state with no fear of entrapment could still demand conditions that improve the terms of the alliance. With respect to interactions between the specific variables, there is a reason to suspect an interaction effect between ratification requirement and democracy, but I found that the effect was not significant.¹⁵⁵

¹⁵⁵ On hypothesis testing and interaction effects in international relations research, see Braumoeller (2004).
Results

Let us start with a simple description of the primary obligations and specific conditions. Table 4.2 shows that offense (87.7%) and neutrality (84.0%) obligations, which are associated with higher risks of entrapment, are much more likely to be conditional than defense (52.0%) and consultation obligations (39.6%). The table further shows which obligation is conditional in what aspect, and we can see how alliance members select specific conditions. The most conditional of all are offense obligations regarding the adversaries (75.9%). Naturally, a state does not want to commit itself to offense obligations without specifying the target. Offense obligations are also likely to be conditional upon a particular ongoing conflict (42.5%), because states are reluctant to accept such strong commitments as offense unless that is necessary to win a conflict, and the end of the conflict usually diminishes the necessity of offense obligations. The condition of no provocation by an ally is not as common as we might expect, but this probably reflects the difficulty of judging what constitutes “provocation” and the subtleties of diplomatic language. After World War I, non-provocation clauses “came into disrepute” because they “made it easier for a country to evade its obligation on the ground that its ally had caused the war” (Wolfers, 1968, 269). Thus, 70% of neutrality obligations are conditional upon the ally being attacked while only 6.2% of them are conditional upon the ally not provoking the adversary.

156 In the ATOP dataset, an alliance can contain more than one type of obligations.
Table 4.2. Types of Commitments and Conditions (member level)¹⁵⁷

<table>
<thead>
<tr>
<th>Conditions summary</th>
<th>Defense</th>
<th>Offense</th>
<th>Neutrality</th>
<th>Consultation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52.0% (472/908)</td>
<td>87.7% (200/228)</td>
<td>84.0% (204/243)</td>
<td>39.6% (446/1126)</td>
</tr>
<tr>
<td>Specific adversary</td>
<td>27.5%</td>
<td>75.9%</td>
<td>18.1%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Specific location</td>
<td>26.1%</td>
<td>25.9%</td>
<td>6.2%</td>
<td>24.8%</td>
</tr>
<tr>
<td>Particular conflict</td>
<td>10.5%</td>
<td>42.5%</td>
<td>1.6%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Number of adversaries</td>
<td>1.5%</td>
<td>2.2%</td>
<td>2.1%</td>
<td>N/A</td>
</tr>
<tr>
<td>Demands being met by an</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ally or an adversary</td>
<td>0.8%</td>
<td>12.7%</td>
<td>0.4%</td>
<td>N/A</td>
</tr>
<tr>
<td>No provocation</td>
<td>9.0%</td>
<td>N/A</td>
<td>6.2%</td>
<td>N/A</td>
</tr>
<tr>
<td>Ally being attacked</td>
<td>N/A</td>
<td>N/A</td>
<td>70.0%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

For the following, regression with robust standard errors is estimated.¹⁵⁸ The means of the dependent variables, the number of conditions per obligations for an alliance and a member, are 1.25 and 0.73, and the standard deviations are 1.45 and 0.79, with the maxima of 8 and 4.¹⁵⁹ The dependent variable is not count data and should be interpreted as an index of conditionality, because the number of conditions is divided by the number of obligations.

Let us start with the member level (see Table 4.3). The results support my argument with a few exceptions. A member of an alliance is likely to have more conditions on its obligations when offense or neutrality obligations are contained, whereas defense and consultation obligations are associated with fewer conditions; an

¹⁵⁷ The second row shows the percentage of each obligation being conditional in any aspect. A consultation obligation can also be conditional upon an ally requesting consultation.
¹⁵⁸ The residuals of my data have an approximately normal distribution, and the standard errors are robust to heteroscedasticity. There is no significant nonlinearity.
¹⁵⁹ Maxima for specific conditions are 2 and 1 for the alliance and member levels.
alliance member with an offense obligation has on average 0.509 (73.5%) more conditions per obligation than those without it. With other variables held constant, a member of an alliance is likely to have fewer conditions when it is in bilateral alliances (-30.3%, -0.280), or when the alliance agreement provides for integrated command (-35.9%, -0.280), subordination of command during conflict (-0.252, -32.2%), nonmilitary cooperation (-0.097, -11.8%), or economic aid (-0.157, -20.2%). A member of an alliance has fewer conditions under bipolarity (-0.159, -19.5%). States with larger capabilities as well as states with more powerful allies have more conditions; the strongest state in the system with about 38% of the system’s total capability has approximately 0.353 (48.8%) more conditions per obligation than the weakest state, and the state with the most powerful allies that have about 83% of the system’s total capability has approximately 0.254 (36.6%) more conditions per obligation than the state with the weakest allies. The most democratic states have 0.107 (15.0%) more conditions per obligation than the least democratic states. The signs are different from my expectations only for ratification requirement, military coordination, and multipolarity, and they are all statistically insignificant. When I include the total trade value, which is not significant but negatively related to the dependent variable, the results are similar, and ratification requirement and military coordination change their signs in the direction of my expectations.160

Results for specific conditions are more mixed, but some of them make a good sense. For instance, as expected, wartime alliances are actually less conditional on a

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160 The number of observation drops to 1029 when I include the trade variable.
particular location but are much more conditional on a particular ongoing conflict; members of wartime alliances have nearly five times (488.4%) as many conditions per obligation as members of peacetime alliances, with respect to a particular ongoing conflict. For wartime alliances, geographic limitations are less necessary and can even be irrational, because at least one of the allies is already fighting a war, and the allies should not limit their operational options by limiting the geographic scope of the alliance. The negative relation between ratification requirement and conditions on a particular ongoing conflict may be attributable to the sense of urgency from the conflict, which requires a quick response. Offense obligations significantly increase the number of conditions on adversaries and conflicts, but they reduce the number of conditions on locations—understandable results given that it is difficult to place geographic limitations on an offensive operation. Finally, conditions on adversaries and conflicts are positively related, while conditions on locations and conflicts have a negative relation.

Table 4.3. Number of Conditions per Obligation for a Member of an Alliance

<table>
<thead>
<tr>
<th>Obligation</th>
<th>Number of Conditions per Obligation (general)</th>
<th>Number of Conditions per Obligation (adversary)</th>
<th>Number of Conditions per Obligation (location)</th>
<th>Number of Conditions per Obligation (particular conflict)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defense obligation contained</td>
<td>-0.102**</td>
<td>0.121***</td>
<td>-0.0491*</td>
<td>-0.0220</td>
</tr>
<tr>
<td>Offense obligation contained</td>
<td>0.509***</td>
<td>0.363***</td>
<td>-0.0339</td>
<td>0.163***</td>
</tr>
<tr>
<td>Neutrality obligation contained</td>
<td>0.224***</td>
<td>-0.0263</td>
<td>-0.0472*</td>
<td>-0.0248*</td>
</tr>
<tr>
<td>Consultation obligation contained</td>
<td>-0.322***</td>
<td>-0.193***</td>
<td>0.111***</td>
<td>-0.0337*</td>
</tr>
</tbody>
</table>

continued
Table 4.3. continued

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratification required</td>
<td>-0.013</td>
<td>0.0696**</td>
<td>-0.136***</td>
<td>-0.0935***</td>
</tr>
<tr>
<td>(0.055)</td>
<td>(0.0280)</td>
<td>(0.031)</td>
<td>(0.0175)</td>
<td></td>
</tr>
<tr>
<td>Bilateral alliance</td>
<td>-0.280***</td>
<td>-0.0235</td>
<td>-0.138***</td>
<td>-0.0995***</td>
</tr>
<tr>
<td>(0.049)</td>
<td>(0.0245)</td>
<td>(0.027)</td>
<td>(0.0165)</td>
<td></td>
</tr>
<tr>
<td>Nonmilitary cooperation</td>
<td>-0.097**</td>
<td>-0.0539**</td>
<td>-0.0236</td>
<td>-0.0095</td>
</tr>
<tr>
<td>(0.045)</td>
<td>(0.0233)</td>
<td>(0.0268)</td>
<td>(0.0110)</td>
<td></td>
</tr>
<tr>
<td>Economic aid</td>
<td>-0.157***</td>
<td>0.020</td>
<td>-0.902***</td>
<td>0.0161</td>
</tr>
<tr>
<td>(0.048)</td>
<td>(0.022)</td>
<td>(0.0261)</td>
<td>(0.0140)</td>
<td></td>
</tr>
<tr>
<td>Military coordination</td>
<td>0.0387</td>
<td>-0.013</td>
<td>0.0147</td>
<td>0.0142</td>
</tr>
<tr>
<td>(0.0422)</td>
<td>(0.020)</td>
<td>(0.0260)</td>
<td>(0.0157)</td>
<td></td>
</tr>
<tr>
<td>Integrated command</td>
<td>-0.280***</td>
<td>-0.108***</td>
<td>-0.0439</td>
<td>-0.114***</td>
</tr>
<tr>
<td>(0.073)</td>
<td>(0.037)</td>
<td>(0.0403)</td>
<td>(0.024)</td>
<td></td>
</tr>
<tr>
<td>Subordination of</td>
<td>-0.252***</td>
<td>0.0051</td>
<td>-0.162***</td>
<td>-0.040</td>
</tr>
<tr>
<td>command during conflict</td>
<td>(0.086)</td>
<td>(0.0542)</td>
<td>(0.044)</td>
<td>(0.030)</td>
</tr>
<tr>
<td>Capability of the state</td>
<td>0.929***</td>
<td>0.177</td>
<td>0.483***</td>
<td>0.270**</td>
</tr>
<tr>
<td>(0.304)</td>
<td>(0.149)</td>
<td>(0.179)</td>
<td>(0.136)</td>
<td></td>
</tr>
<tr>
<td>Combined capabilities of</td>
<td>0.306***</td>
<td>0.0322</td>
<td>0.192***</td>
<td>0.111***</td>
</tr>
<tr>
<td>the state’s allies</td>
<td>(0.115)</td>
<td>(0.0478)</td>
<td>(0.060)</td>
<td>(0.041)</td>
</tr>
<tr>
<td>Multipolarity</td>
<td>-0.047</td>
<td>-0.0004</td>
<td>-0.0594</td>
<td>-0.0506</td>
</tr>
<tr>
<td>(0.106)</td>
<td>(0.0489)</td>
<td>(0.0551)</td>
<td>(0.0341)</td>
<td></td>
</tr>
<tr>
<td>Bipolarity</td>
<td>-0.159**</td>
<td>-0.0693**</td>
<td>0.110***</td>
<td>-0.070***</td>
</tr>
<tr>
<td>(0.066)</td>
<td>(0.0268)</td>
<td>(0.034)</td>
<td>(0.020)</td>
<td></td>
</tr>
<tr>
<td>Wartime alliance</td>
<td>0.0816</td>
<td>0.0042</td>
<td>-0.0314</td>
<td>0.192***</td>
</tr>
<tr>
<td>(0.0763)</td>
<td>(0.0334)</td>
<td>(0.0410)</td>
<td>(0.029)</td>
<td></td>
</tr>
<tr>
<td>Democracy score</td>
<td>0.00534**</td>
<td>-0.00052</td>
<td>0.00335***</td>
<td>0.000097</td>
</tr>
<tr>
<td>(0.00264)</td>
<td>(0.00132)</td>
<td>(0.00149)</td>
<td>(0.000875)</td>
<td></td>
</tr>
<tr>
<td>Year of signing</td>
<td>-0.00531***</td>
<td>-0.000821</td>
<td>-0.00364***</td>
<td>-0.000668*</td>
</tr>
<tr>
<td>(0.00106)</td>
<td>(0.000509)</td>
<td>(0.00051)</td>
<td>(0.000405)</td>
<td></td>
</tr>
<tr>
<td>Number of conditions per</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>obligations on</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>adversary</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of conditions per</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>obligations on</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>location</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of conditions per</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>obligations on</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>particular conflict</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>11.5***</td>
<td>1.81*</td>
<td>7.44**</td>
<td>1.02</td>
</tr>
</tbody>
</table>

N= 1423 (both bilateral and multilateral alliances)
Robust standard errors in parentheses
*significant at 0.10 level. ** significant at 0.05 level. *** significant at 0.01 level.

161 The constants in Table 4.3 and 4.4 are large only because I use the raw number for the year of signing (i.e. 1815-2003).
Let us now turn to the alliance level analysis (see Table 4.4). The signs are consistent with my expectations for all but the similarity of alliance portfolios and multipolarity, both of which are statistically insignificant. The results are similar to those for the member level analysis, but we now have some variables that were not examined at the unit level. As expected, allies in the same region have 0.250 more conditions per obligation (+22.4%) than cross-regional alliances. Capabilities of both allies have a strong positive relationship with the number of conditions; an alliance that involves the strongest state is expected to have almost three times more conditions per obligation (+174.9%) than an alliance with the weakest state. I am presenting capabilities of both members not simply to see the effects of a state’s capability on the number of conditions it has. In models not presented here, I checked the effects of the ally’s capability on the number of conditions that the state has within their bilateral alliance; as expected, the stronger the ally is, the more conditions the state has, controlling for its own capability. Unlike the combined capabilities of a state’s allies, which approximate the state’s outside options at the member level, the capability of the ally in question should not be interpreted as a source of bargaining power. The ally’s strength instead increases the state’s fear of entrapment, creating more need -- not capacity -- for conditions. I also checked whether power disparities have significant effects (cf. Lai and Day, 2007), but neither the asymmetry of major-minor power status nor the allies’ capability ratios have much explanatory power. The absolute difference of allies’ capabilities has a strong

---

162 The result suggests that it is easier to make one’s own obligations conditional than making the ally’s obligations unconditional.
positive relation with the conditionality of an alliance, but only before controlling for each members’ capability; when the allies are both weak, the absolute gap in capabilities is also small, and they tend to have fewer conditions.

It is not clear why two states with similar alliance portfolios are likely to have more conditions (+34.2%, when shifting from the least similar to the most similar), but perhaps the similarity of alliance portfolios actually represents a higher risk -- though likely a lower cost -- of entrapment. When two states have overlapping alliances, they might fear that the network of alliances increases the probability of entrapment. When I include the bilateral trade value between the allies, the number of observation drops to 148, and defense obligations, similarity of alliance portfolios, nonmilitary cooperation, economic aid, subordination of command, and multipolarity change their signs, with only the defense obligations being statistically significant. Bilateral trade itself has a significant negative relation with the number of conditions.

As at the member level, the results are more mixed for specific conditions, but again some of the deviations from the general results make a good sense. Offense obligations make alliances less conditional on locations. Wartime alliances are strongly conditional on a particular conflict. Alliances formed by states in the same region have 35.1% fewer conditions per obligation than cross-regional alliances with respect to locations.
Table 4.4. Number of Conditions per Obligations for Bilateral Alliances

<table>
<thead>
<tr>
<th></th>
<th>Number of Conditions per Obligation (general)</th>
<th>Number of Conditions per Obligation (adversary)</th>
<th>Number of Conditions per Obligation (location)</th>
<th>Number of Conditions per Obligation (particular conflict)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defense obligation contained</td>
<td>-0.034</td>
<td>0.306***</td>
<td>0.0293</td>
<td>0.0031</td>
</tr>
<tr>
<td></td>
<td>(0.205)</td>
<td>(0.100)</td>
<td>(0.0876)</td>
<td>(0.0433)</td>
</tr>
<tr>
<td>Offense obligation contained</td>
<td>1.16***</td>
<td>0.753***</td>
<td>-0.033</td>
<td>0.239***</td>
</tr>
<tr>
<td></td>
<td>(0.24)</td>
<td>(0.154)</td>
<td>(0.123)</td>
<td>(0.089)</td>
</tr>
<tr>
<td>Neutrality obligation contained</td>
<td>0.352**</td>
<td>-0.172**</td>
<td>-0.0391</td>
<td>0.0647</td>
</tr>
<tr>
<td></td>
<td>(0.166)</td>
<td>(0.080)</td>
<td>(0.0760)</td>
<td>(0.0458)</td>
</tr>
<tr>
<td>Consultation obligation contained</td>
<td>-0.302**</td>
<td>-0.280***</td>
<td>0.284***</td>
<td>0.0079</td>
</tr>
<tr>
<td></td>
<td>(0.141)</td>
<td>(0.092)</td>
<td>(0.080)</td>
<td>(0.0507)</td>
</tr>
<tr>
<td>Ratification required</td>
<td>0.044</td>
<td>0.175</td>
<td>-0.429***</td>
<td>-0.0326</td>
</tr>
<tr>
<td></td>
<td>(0.238)</td>
<td>(0.114)</td>
<td>(0.123)</td>
<td>(0.0502)</td>
</tr>
<tr>
<td>Similarity of alliance portfolios</td>
<td>0.275</td>
<td>-0.039</td>
<td>0.100</td>
<td>0.0251</td>
</tr>
<tr>
<td></td>
<td>(0.272)</td>
<td>0.127</td>
<td>(0.144)</td>
<td>(0.0663)</td>
</tr>
<tr>
<td>Nonmilitary cooperation</td>
<td>-0.398*</td>
<td>0.029</td>
<td>-0.070</td>
<td>0.0159</td>
</tr>
<tr>
<td></td>
<td>(0.211)</td>
<td>0.102</td>
<td>(0.105)</td>
<td>(0.0452)</td>
</tr>
<tr>
<td>Economic aid</td>
<td>-0.276*</td>
<td>-0.0013</td>
<td>-0.177**</td>
<td>-0.0136</td>
</tr>
<tr>
<td></td>
<td>(0.146)</td>
<td>(0.0772)</td>
<td>(0.080)</td>
<td>(0.0457)</td>
</tr>
<tr>
<td>Military coordination</td>
<td>-0.315*</td>
<td>-0.124</td>
<td>-0.158**</td>
<td>0.0213</td>
</tr>
<tr>
<td></td>
<td>(0.167)</td>
<td>(0.080)</td>
<td>(0.070)</td>
<td>(0.0385)</td>
</tr>
<tr>
<td>Integrated command</td>
<td>-0.009</td>
<td>0.078</td>
<td>-0.097</td>
<td>-0.142**</td>
</tr>
<tr>
<td></td>
<td>(0.329)</td>
<td>0.243</td>
<td>(0.156)</td>
<td>(0.061)</td>
</tr>
<tr>
<td>Subordination of command during conflict</td>
<td>-0.385</td>
<td>-0.428</td>
<td>-0.043</td>
<td>0.068</td>
</tr>
<tr>
<td></td>
<td>(0.568)</td>
<td>(0.284)</td>
<td>(0.260)</td>
<td>(0.157)</td>
</tr>
<tr>
<td>Capability of state 1</td>
<td>5.20***</td>
<td>0.049</td>
<td>3.15***</td>
<td>0.591</td>
</tr>
<tr>
<td></td>
<td>(1.20)</td>
<td>(0.497)</td>
<td>(0.60)</td>
<td>(0.380)</td>
</tr>
<tr>
<td>Capability of state 2</td>
<td>2.92*</td>
<td>1.65*</td>
<td>0.767</td>
<td>-0.152</td>
</tr>
<tr>
<td></td>
<td>(1.58)</td>
<td>(0.84)</td>
<td>(0.768)</td>
<td>(0.345)</td>
</tr>
<tr>
<td>Multipolarity</td>
<td>-0.235</td>
<td>0.065</td>
<td>-0.253</td>
<td>-0.019</td>
</tr>
<tr>
<td></td>
<td>(0.397)</td>
<td>(0.202)</td>
<td>(0.168)</td>
<td>(0.114)</td>
</tr>
<tr>
<td>Bipolarity</td>
<td>-0.488**</td>
<td>-0.08</td>
<td>-0.118</td>
<td>-0.0252</td>
</tr>
<tr>
<td></td>
<td>(0.246)</td>
<td>(0.133)</td>
<td>(0.122)</td>
<td>(0.0505)</td>
</tr>
<tr>
<td>Wartime alliance</td>
<td>0.725**</td>
<td>0.008</td>
<td>0.049</td>
<td>0.411***</td>
</tr>
<tr>
<td></td>
<td>(0.286)</td>
<td>(0.106)</td>
<td>(0.133)</td>
<td>(0.103)</td>
</tr>
<tr>
<td>Same region</td>
<td>0.250*</td>
<td>0.149**</td>
<td>-0.137*</td>
<td>-0.0123</td>
</tr>
<tr>
<td></td>
<td>(0.134)</td>
<td>(0.069)</td>
<td>(0.071)</td>
<td>(0.0371)</td>
</tr>
<tr>
<td>Sum of democracy scores</td>
<td>0.0169**</td>
<td>0.00276</td>
<td>0.00250</td>
<td>0.00141</td>
</tr>
<tr>
<td></td>
<td>(0.0077)</td>
<td>(0.00376)</td>
<td>(0.00381)</td>
<td>(0.00169)</td>
</tr>
</tbody>
</table>

163 Information on specific conditions is obtained by merging alliance level data with the member level data. This leads to multiple counting of a single condition in multi-phase alliances, and I divided the number of conditions per obligation by the number of phases.
Table 4.4. continued

<table>
<thead>
<tr>
<th></th>
<th>Year of Signing</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(0.00409)</td>
<td>(0.00210)</td>
<td>(0.00194)</td>
</tr>
<tr>
<td>Number of conditions per obligations on adversary</td>
<td>--</td>
<td>--</td>
<td>0.140**</td>
<td>0.0233</td>
</tr>
<tr>
<td></td>
<td>Number of conditions per obligations on location</td>
<td>--</td>
<td>0.149**</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Number of conditions per obligations on particular conflict</td>
<td>--</td>
<td>0.097</td>
<td>0.078</td>
</tr>
<tr>
<td></td>
<td>Constant</td>
<td>13.5*</td>
<td>(8.2)</td>
<td>3.13</td>
</tr>
</tbody>
</table>

N= 392 (only bilateral alliances)

Robust standard errors in parentheses
* significant at 0.10 level. ** significant at 0.05 level. *** significant at 0.01 level.

In sum, factors that increase the risk of entrapment increase the number of conditions that an alliance agreement or a member has on the obligations. States cannot remove the risk of entanglement entirely from their alliances, because the benefits of alliances come from the potential of entanglement. They can, however, reduce excessive risks by specifying the conditions for the activation of alliances. Conditions on alliance obligations are good safeguards against an ally’s risky or offensive action. By making alliance obligations conditional on specific adversaries or particular conflicts, it is also possible to limit one’s involvement to more desirable cases. In the following case studies, I examine in more detail how states design alliances to avoid the risk of entrapment, and how the shifts in the fear of entrapment and bargaining power affect intra-alliance bargaining over time.
CASE STUDIES

The three alliances (and six agreements) examined below have significant variations in my explanatory variables, the fear of entrapment and intra-alliance bargaining power. When a state fears entrapment, it should demand safeguard clauses against the risk, and its alliance obligations should become more conditional, provided that the state has sufficient bargaining power. The statistical analysis presented above does not directly examine the fear of entrapment and allies’ bargaining power, let alone the shifts in the two variables. The following case studies more directly demonstrate the causal effects of the explanatory variables by tracing the changing perceptions of the decision makers documented in diplomatic records and secondary sources.

U.S.-ROK alliance

Throughout most of its history, the U.S.-ROK alliance has been a stereotypical, asymmetric alliance, where the patron state (the United States) fears entrapment, and its client state (Republic of Korea) fears abandonment. The alliance has also been considered a quintessential military alliance for aggregating power, because its function is very clearly understood as deterrence and defense against the North Korean threat. When we examine the origin of the alliance, however, we find that there is more to it than that. America chose to formalize its defense cooperation with South Korea not simply because they were concerned about the regional balance of power. If that were the case,

164 The situation changed in the mid 1990s, because South Korea realized the cost of reunification to be too high for the immediate future, and also because North Korea’s nuclear development pushed the United States to a more active and aggressive stance toward the North Korean regime. Now, arguably, South Koreans have as many reasons to worry about entrapment as about abandonment. For South Korea’s fear of abandonment and entrapment, see, for example, Choi and Park (2008) and Lee (2009).
the alliance would have formed earlier, when an American occupation force was still in the southern half of the Korean Peninsula after the Second World War. Interestingly, the United States entered this alliance, because it did not want to be involved in the military conflict on the Korean Peninsula. When we look at the contents of the alliance, we understand why the United States was willing to continue the alliance; the alliance was designed in such a way that the United States actually faced little risk of entrapment. By accepting the risk of entanglement, the United States exercised control on its client state and minimized the risk of entrapment.

Ironically, the United States ended up allying with South Korea exactly because the former did not want to commit to the defense of the latter. The Mutual Defense Treaty between the United States and the Republic of Korea was signed on October 1, 1953, only a few months after an armistice was reached for the Korean War. The defense treaty was nothing inevitable, and unlike its alliances with Japan or Spain, the United States did not have strong strategic interests in forming the alliance (Ahn 1998; Murata 1998b; Tucker 1998; and Hong 1999). It was, however, this lack of interests that triggered the North Korean invasion, and subsequently, the formation of the military alliance. In January 1950, Secretary of State Dean Acheson, in his speech at the National Press Club, left Korea and Taiwan outside the U.S. defensive perimeter. Combined with the withdrawal of U.S. troops from the Korean peninsula in 1949, it seemed to North Koreans that their invasion of the South would not be resisted by American force. Once the North Korean army crossed the 38th parallel in June 1950, however, the United States changed its policy and fought a costly war for the next three years. The United States
could not afford to lose the war because of its ramifications for other areas, but neither did it have strong motivations to keep fighting the costly war for the nationalistic ambitions of the South Korean president Syngman Rhee. President Rhee, on the other hand, did not want to stop the war until he united the country, no matter how devastating the fighting was for his country and the United States. Peace negotiations began as early as July 1951, but Rhee vehemently opposed a settlement and obstructed the process by doing such things as in 1953 unilaterally releasing North Korean prisoners of war, whose repatriation was a major issue for the communists. In the United States, Dwight Eisenhower came to power with a campaign promise to end the war, and he accepted Rhee’s demand for a mutual defense treaty and military as well as economic aid in exchange for the latter’s cooperation in the armistice (Foreign Relations of the United States [FRUS], 1952–54, vol. 15, pt. 1, 1122–23; Woolley and Peters). Thus, the United States had to fight a war because it did not want to commit to the defense of South Korea, and it ended up committing to the country’s defense, because it wanted to stop the war.

Fully aware of the danger of entrapment by Rhee, the United States imposed conditions on its alliance obligations. Article 3 of the Mutual Security Treaty reads as follows:

Each Party recognizes that an armed attack in the Pacific area on either of the Parties in territories now under their respective administrative control, or hereafter recognized by one of the Parties as lawfully brought under the administrative control of the other, would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.

By this clause, the United States limited its commitment to only the defense of South
Korea, and it also avoided automatic involvement, unlike in alliances such as the North Atlantic Treaty Organization.\footnote{Similar clauses were attached to the defense treaty with Taiwan, but were not included in the ANZUS Pact and the treaty with the Philippines} Without leaving ambiguity, the United States clearly limited its defensive commitment to the status quo and avoided a situation where it had to defend the result of a revisionist move by South Korea. Furthermore, the alliance put the South Korean troops under the operational control of the U.S. commander in Korea, thereby directly controlling the client state’s military action.\footnote{Peacetime control of South Korean troops was transferred back to the country in 1994. The Pentagon proposed that the wartime command be returned in 2009, but the transfer was put off until 2012 at the request of the South Korean government.} Granted, by forming an alliance, the United States incurred the risk of entanglement or entrapment, but this also led to a reduced risk of military involvement on the Korean Peninsula because the alliance improved deterrence against North Korea and imposed a control on risky behavior by South Korea. Thus, the U.S.-ROK alliance was not simply a “weapon of power” but also a “tool of management and control,”\footnote{Schroeder (1976). This point more directly applies to the U.S. motivation to form alliances with Japan and West Germany. This chapter illustrates specific means with which states control their allies, and it demonstrates that types and provisions of alliances matter, contrary to Schroeder (1976, 255). For an extension of Schroeder’s argument, see Weitsman (2004).} and the United States provided South Korea with security in exchange for its control on the latter’s autonomy (Morrow, 1991). The control has arguably been quite effective, considering that South Koreans have not been allowed to retaliate for various small-scale operations by North Korean special forces (Oberdorfer, 2002). With respect to the cost of possible entanglement or entrapment, the treaty does not make the United States do much more than it would do
without a formal alliance. The United States was not allied with the newly-born South Korean state, but it intervened in the Korean War anyway. Since the United States could not afford to ignore a renewed offensive by the communist bloc, regardless of its formal tie with South Korea, it actually bore very little additional risk by forming an alliance with the Republic of Korea.

Although there have been changes in the U.S.-ROK security cooperation (e.g., revisions of the Status of Forces Agreement, creation of the Combined Forces Command), the basics of the alliance have not changed after more than 50 years. There are legal and strategic explanations for this. The technical side of the story is that there is no institutional setting for renegotiation; the alliance has an indefinite duration with a requirement of a one-year advance notice for termination. Syngman Rhee wanted the alliance to be effective for an indefinite time, and the United States accepted his demand after adding the termination clause. Rhee insisted that South Korea should be treated like Japan in the 1951 U.S.-Japan security treaty, which also had no arrangement for renegotiation (Oliver, 1978; Chung, 1998; Tucker, 1998). As we will see, the 1951 treaty was actually an unequal treaty favoring the United States, but Rhee did not understand the difference between benefits provided by the legal obligations on one hand and benefits Japan obtained due to its strategic importance to the United States on the other hand. Of course, if South Korea or the United States had a strong desire to change the status of their relationships, the lack of renegotiation arrangement would not have stopped them from changing the nature of the alliance. Strategic situations, however, did not push the allies toward renegotiation. South Korea was too dependent on the United
States to demand renegotiation, because it faced a very specific and clear threat to the north, which was not the case for Japan or Spain. Meanwhile, as explained above, the cost-benefit calculation of the alliance favored the status quo for the United States too, although troop reductions of the U.S. Forces in Korea at times became serious issues for the allies. In addition, policy-makers of both the United States and the Republic of Korea were very cautious about modifying the alliance, because the uncertainty of possible North Korean reactions posed a serious military risk to them. There was more room for change in the U.S. alliances with Japan and Spain because the allies faced much lower military risks, and also because Japan and Spain had something the United States desired.

Because the United States had both more fear of entrapment and stronger bargaining power than South Korea, the United States naturally made its alliance obligations conditional. Controlling aspects of alliances are often downplayed in the public discourse for political reasons, but the case shows that they are no less important than capability aggregation aspects of alliances. In the future, if South Korea’s fear of entrapment increases and it gains sufficient bargaining power vis-à-vis the United States, the design of the alliance will be reconsidered.\textsuperscript{168}

\textbf{U.S.-Japan alliance}\textsuperscript{169}

In contrast to South Korea’s relationships with the United States, it was Japan that

\textsuperscript{168} In 2005, then-President \textsuperscript{168}Roh Moo-hyun \textsuperscript{168}said that “our citizens will not become embroiled in Northeast Asian conflicts without our consent” at the graduation ceremony of the Air Force Academy’s 53rd class (Shin 2005). During the Roh administration, South Korean government tried to make it mandatory for the United States to get prior consent when moving United States Forces Korea (USFK) elsewhere.

\textsuperscript{169} In addition to the works cited below, see Welfield 1988; Buckley 1992; and Sotooka, Honda and Miura 2001.
feared military entanglement in the U.S.-Japan alliance. While a stronger ally tends to fear military entrapment, because it supplies military force for an alliance, the weaker fears entrapment because it has little control over its ally and still faces the consequences of the ally’s actions. American military bases and the alliance brought Japan a risk of entanglement or entrapment into the American struggle against communism. Meanwhile, the risk of entrapment for the United States was very low, because Japan was not likely to take any offensive or independent military policy, and the cost of possible entanglement was also low, because the United States, allied to Japan or not, could not afford to lose Japan to the communist bloc. Although Article 9 of the Japanese constitution, which was originally imposed by the United States, has been a powerful shield against entanglement, the pacifist constitution also increased Japanese sensitivity to the risk of entanglement. Therefore, Japanese leaders did not miss their opportunity to reduce the risk of entanglement at the revision of the U.S.-Japan alliance in 1960.

1951 security treaty between the United States and Japan

Deploiring the inequities of the 1951 treaty, Kishi Nobusuke said that “In this way, [Japan is] like a Manchukuo” (Tanaka, 2000, 18). Like Kishi, who led the revision of the treaty as prime minister (1957-1960), many Japanese considered the treaty to be unequal. While the treaty granted the United States the right to deploy its forces “in and

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170 Because the postwar Japan has been extremely pacifist, it has tried to avoid military entanglement in a very broad sense, and not just military entrapment as I defined earlier.
171 In George Kennan’s words, Japan was one of the “areas of the world...we cannot permit...to fall into hands hostile to us,” and one of the “five centers of industrial and military power in the world which are important to us from the standpoint of national security” (quoted in Gaddis, 2005, 29).
172 Manchukuo is Japan’s puppet state in China, established in 1932 and dissolved as Japan lost the Pacific War.
about Japan,” these forces were not committed to the defense of Japan.\textsuperscript{173} Moreover, because there was no institutional arrangement for consultation, Japan did not have a formal procedure by which to voice its opinion on the management of the alliance, let alone to control American behavior. Thus, the treaty imposed a significant risk of entanglement on Japan but not on the United States, at least in terms of legal obligations. In practice, Japan benefited politically, economically and militarily from its alliance with the United States, and the unequal security treaty can also be considered to be a quid pro quo for the favorable peace treaty, which ended the American occupation of Japan (Sakamoto, 2000, 62).\textsuperscript{174} Nevertheless, it cannot be denied that the text of the treaty was unfavorable to Japan. In addition to the lack of defense commitment, the treaty permitted Americans to intervene in domestic disturbances of Japan, prohibited Japan from granting military and base-related rights to any third power without the prior consent of the United States, and did not allow either party to terminate the alliance.

Japan’s initial efforts to revise the treaty were unsuccessful, reflecting the country’s weak international standing at the time. Foreign Minister Shigemitsu Mamoru of the Hatoyama administration visited the United States in 1955 with a proposal to revise the treaty, but his request was instantly rejected.\textsuperscript{175} As Secretary of State John

\textsuperscript{173} Article I of the treaty says: “Such forces may be utilized to contribute to the maintenance of international peace and security in the Far East and to the security of Japan.” As Japanese leaders comforted themselves, however, it could be argued that the stationing of the American troops meant de facto commitment to the defense of Japan.

\textsuperscript{174} When Americans considered the peace treaty, they wanted “the right to maintain armed forces in Japan, wherever, for so long, and to such extent as it deems necessary,” and the security treaty coupled with the peace treaty provided them with a solution to the problem (\textit{FRUS}, 1950. vol.6, p.1294).

\textsuperscript{175} To a certain extent, the failure was attributable to the negotiation tactic Shigemitsu used with Secretary of State John Foster Dulles. Kishi, who accompanied Shigemitsu, did not fail to learn the lesson (Sakamoto, 2000, 164-170).
Foster Dulles noted, replacement of the 1951 treaty “could not be done without a grave loss of advantage to the United States,” and Americans were not going to change the advantageous arrangement “unless pressure in Japan for a new treaty became a great deal stronger” (FRUS, 1955-1957, Volume 23, part 1, p.42). Meanwhile, the Japanese fear of entanglement was heightened by such events as the Soviet launching of Sputnik in 1957 and the Quemoy crisis in the Taiwan Strait in 1958 (Kataoka and Myers, 1989, 18; Nishihara and Tsuchiyama, 1998, 183). The fear in turn made the Japanese public increasingly critical of U.S. bases. Japanese dependence on the United States also seemed to be declining because of Japan’s diplomatic normalization with the Soviet Union and its accession to the United Nations in 1956 (Sakamoto, 2000, 191).

**Revision of the alliance in 1960**

Although Japan’s postwar recovery and its improved position in international society could explain its increased voice in the alliance at a very general level, two other factors are crucial in explaining the revision of the treaty. First, the United States perceived increased pressure for change from the Japanese public. By January 1958, Dulles recognized that the American posture in Japan and Okinawa could not continue safely: “If we try merely to sit on our treaty rights,” Dulles remarked, “we shall end by being blown out by popular sentiment, spearheaded by a Japanese government of hostile and neutralist, if not pro-Communist, sentiment.”

Douglas MacArthur II, U.S. Ambassador to Japan (1957-1961), understood the grievances of the Japanese and

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176 Dulles’s statement is quoted in “Memorandum of Howe to Robertson” January 24, 1958, Lot File 61 D 68, RG 59, Stack 250, Row 49, Compartment 19, Shelf 6, E-1341, Subject Files Relating to Japan, 1957-59. Box 12, National Archives at College Park.
repeatedly recommended the revision of the treaty as an American initiative: “there is a universal desire among the Japanese to liberate themselves from those terms of the security relationship with the United States which they consider as being ‘genuinely unequal,’” and “[t]here is, as we all recognize, actual inequality” (FRUS, 1958-1960, vol.18, p.25). This was also a time when the Japan Socialist Party still presented a serious threat to the rule of factious conservative politicians, and the socialists attracted considerable support from the public by criticizing Japan’s military association with the United States. Second, in such a difficult time for U.S.-Japan relations, Kishi’s ascendance to power presented an attractive opportunity for Americans to consolidate the alliance. Despite his nationalistic ideology and three years of imprisonment as a class-A war criminal, Kishi quickly became a favorite politician of the United States after he was released (Schaller, 1995). Working with U.S. Ambassador John Allison, Kishi strengthened his credentials as a strong pro-U.S. political leader by unifying divided conservative politicians, which resulted in the creation of the Liberal Democratic Party in 1955. MacArthur II, who replaced Allison as the ambassador, also viewed Kishi as the best Japanese leader to work with for consolidating the U.S.-Japan relationship. Therefore, before Kishi’s visit to Washington in June 1957, Dulles reported to President Eisenhower that Kishi “gives every indication of being the strongest Government leader to emerge in postwar Japan,” and that “the time has come to take the initiative in proposing a readjustment of our relations with Japan” (FRUS, 1955-1957, vol. 23, part 1, pp.346-348).
Americans made a spontaneous move toward the revision of the treaty once they recognized the necessity. The U.S. and Japanese governments announced on September 11, 1958 that they would begin negotiating a new agreement, and they signed the new treaty on January 19, 1960. Many provisions of the old treaty unpopular with the Japanese were revised, and three points are particularly important in ameliorating Japan’s fear of entanglement. First, Article 5 of the 1960 treaty states that “Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes” (emphasis added by the present author). The emphasized part in the original American proposal read “in the Pacific,” but the Japanese minimized the risk of entanglement by successfully restricting the commitment to its own territory and by excluding even the Ryukyu (Okinawa) and Bonin (Ogasawara) islands, which were administered by the United States at the time (Sakamoto, 2000, 237-247). The Japanese also succeeded in emphasizing the restrictions imposed on their military policy by its “constitutional provisions and processes.” Second, in exchanged notes on the implementation of the 1960 treaty, the Japanese imposed an obligation of prior consultation on the introduction of U.S. nuclear forces and on the use of U.S. bases in Japan for military combat operations other than those conducted under Article 5. Although there are loopholes and secret provisions that cast doubt on the effectiveness of the prior consultation,177 the Japanese did put a limit on the use of U.S. facilities in Japan.

177 For example, two sides secretly agreed that they would forgo prior consultations in the event of attack.
Third, Article 10 stipulated that “after the Treaty has been in force for ten years, either Party may give notice to the other Party of its intention to terminate the Treaty, in which case the Treaty shall terminate one year after such notice has been given.” Although it was highly unlikely that either party would use this provision, it still gave each a legal exit from the alliance, which would limit the risk of entanglement. The Japanese probably requested the limit of duration to give the treaty an appearance of equality, but the Spanish case suggests that an alliance partner could gain considerable leverage from such a limit on the duration of an alliance.

I do not delve into domestic politics of the treaty revision, but there is a strong irony about Kishi’s leadership in this episode (Hara, 1991; Schaller, 1997; Sarantakes, 1999). Despite many improvements from the 1951 treaty, Kishi’s political style and image made the Japanese public very suspicious of the 1960 treaty and triggered what is probably the largest political disturbance in postwar Japan. President Eisenhower’s trip to Japan was canceled for security reasons, and Kishi was forced to resign. It is also interesting that Kishi’s opponents in the Liberal Democratic Party (not just the Socialists) used the fear of entanglement to stall the agreement, which would consolidate Kishi’s power in the LDP.

The case of the U.S.-Japan alliance clearly demonstrates that a weaker ally can fear entrapment and that the fear alone is sometimes insufficient to create safeguards against entrapment. Japan had the fear of entrapment but was able to insert safeguard clauses in the alliance treaty only after its bargaining position improved. As noted above, against South Korea (Sasaki, 2000).
Japan tried to avoid not only entrapment but entanglement in a very broad sense. The pacifism of postwar Japan partially explains the policy, but Japan could afford to take such a policy, because it had little fear of abandonment. When Japan felt less indispensable to the United States, for example, after the Sino-U.S. rapprochement or the end of the Cold War, Japan increased its commitment to the alliance and became more willing to accept the risk of entanglement.178

**U.S.-Spain alliance**

The U.S.-Spain alliance, especially in its early period, was relaxed about the risk of entrapment or entanglement. This was natural, because the alliance presented a very small risk of entrapment or entanglement to its members.179 Strategically, the two countries faced no major military threat around Spain, and neither did they have revisionist goals that could entrap the other side.180 The frontline of the European Cold War was far away, and neither party desperately needed the other’s help for countering external military threats. Franco sought economic and political goals in the military arrangement with the United States, and “the value of the Spanish bases” to the United States was, according to a classic study on the subject, “prospective and relative rather than immediate and absolute” (Whitaker, 1961, 65). Consequently, the alliance committed the two states very little in terms of military obligations—too little to entangle

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178 The two governments approved the first Guidelines for U.S.-Japan Defense Cooperation in 1978, and Japan began sending its troops abroad in the 1990s.
179 Entanglement was unlikely, and if it happened in the context of East-West confrontation, it would not have been costly, because the two countries would not have been able to avoid fighting regardless of the alliance.
180 Threats to Spanish colonies in North Africa intensified later but were nothing comparable to those faced by American allies elsewhere. With respect to the risk from irredentism, Franco would not try to regain Gibraltar by force, unlike Syngman Rhee or Chiang Kai-shek.
them into military conflicts. This, I argue, is the reason why the first period of the U.S.-Spain alliance is the only American alliance that has no condition in the ATOP dataset.

In fact, the low level of commitment makes the status of the military arrangement somewhat ambiguous. We can find the origin of the alliance in the Pact of Madrid, which was signed in 1953 as a quid pro quo arrangement that provided aid to Spain for U.S. bases there. Arthur Preston Whitaker observed that the pact did “not constitute a full-fledged military alliance” but rather “a quasi-alliance” (Whitaker, 1961, 45). The ATOP dataset codes the bilateral relationship as a military alliance from 1963, when the base agreement was extended and the two sides jointly declared that a “threat to either country, and to the joint facilities that each provides for the common defense, would be a matter of common concern to both countries, and each country would take such action as it may consider appropriate within the framework of its constitutional processes.” Although the Spanish tried to present the series of base agreements as full partnerships, they knew the reality and continued to seek a more formalized alliance.181

Until the third period of the alliance (1976-1981), the United States never gave Spain a security guarantee.182 While the Spanish Cortes (legislature) approved the base agreements as treaties, the United States treated them as executive agreements until 1976. The United States valued its bases in Spain but had little more interest in its relationship with Spain. Many in Western Europe and the United States (and anti-Franco elements in

181 Rodrigo Botero cites a Spanish diplomatic record on the base negotiation, which states that “[t]he United States is not proposing to Spain a marriage but a concubinage” (Botero, 2001, 162).
182 Even for the 1976 treaty, the U.S. government was reluctant to admit that it constituted a security guarantee (Rubottom and Murphy, 1984, 115-119). Spain joined North Atlantic Treaty Organization (NATO) in 1981.
Spain) opposed the bilateral relationship because of Franco, and the American negotiators could reasonably argue that securing the ratification of the military pact in the Senate was unfeasible. As time passed, however, the two states’ military cooperation gradually became formalized. Consistent with my argument, the two countries added safeguards against entrapment in the process of consolidating the alliance.\textsuperscript{183}

In addition to being formed by an executive agreement rather than a treaty, the U.S.-Spain alliance is different from the Korean and Japanese cases in its frequent renewals. The Spaniards were wise in limiting the duration of the base agreements (five years after the first ten years), because the renewals gave them opportunities to improve their position in the bilateral relationship and also because the time limit gave them leverage in base negotiations.\textsuperscript{184} At the time of the Pact of Madrid in 1953, Spain was isolated from the rest of the world as a pariah state under the rule of the last Fascist dictator, and its “greatest single gain consisted in the mere fact that the agreement had been signed” (Whitaker, 1961, 43). Spain demanded more as its international standing became more normalized, and base negotiations presented an excellent stage for the adjustment. Another benefit from the limited duration comes from the nature of military bases; once constructed, they become a natural part of the basing-state’s strategy and

\textsuperscript{183} Although I focus on how the United States and Spain adjusted their alliance in order to reduce the risk of entrapment, the risk of entrapment or entanglement was relatively low and continued to be a minor issue in this alliance. As Viñas (2003) notes, the main concern of the Spanish negotiators was the financial compensation for U.S. bases, and not security matters. Meanwhile, Americans did not have to worry about entanglement because they were careful not to give any security guarantee to the Spanish in the first place.

\textsuperscript{184} Koremenos (2001) presents a theory of optimal duration and renegotiation provisions that considers changes in bargaining power. The Spanish case may be rather special because the Spaniards could reasonably expect increased bargaining power in the future once their tie with the United States breaks the country’s political isolation. Cooley and Spruyt (2009, 9-10) argue that states sometimes use incomplete contracts when they expect their bargaining position to improve after renegotiations.
difficult to lose. Although the Spanish themselves were not going to sever their ties with Americans, American records on the base negotiations indicate that the time limit on base agreements gave the Spanish a strong bargaining chip. Spain won the 1963 joint declaration, largely because the United States needed to renew the base agreements, and every major change in the U.S.-Spain alliance occurred when base agreements were about to expire.

**U.S.-Spain alliance before 1970**

Because the alliance was essentially a military base agreement for a long time, the most important provisions of the alliance concern the use of the bases. Until 1970, Americans had a free hand in their use of the bases in Spain (Viñas, 2003). As American records indicate, “Spain has allowed” the United States “to use these bases for practically any purpose the U.S. deemed necessary” (*FRUS*, 1961-1963, vol.13, p.1018.). Despite (or exactly because of) the paramount importance of the issue, the United States proposed and Spain accepted making the wartime activation clause a secret and technical note to the base agreement. The note allowed the United States to use the bases in case of evident Communist “aggression” or in other cases that threaten the “security of the West” but did not specify what these words meant. In reality, Americans were allowed to use the bases whenever they liked and only had to inform the Spanish about their intentions. The Spanish gave authorizations to activate the bases in such cases as the 1958 Lebanon crisis and the U.S. evacuations from Congo in 1964 and Libya in 1969, all of which were

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185 Viñas (2003), on the other hand, points out that Franco’s dependence on his tie with the United States placed Spain in a disadvantageous position in these negotiations.

186 On the patterns of base negotiations between the United States and Spain, see Druckman (1986, 1988).
hardly related to Communism or threats to the security of the West. Still, in other cases such as the Cuban missile crisis, the United States failed to inform Spain about the activation of the bases (Viñas, 2003). Understandably, many Spaniards voiced their concern about the risk of entrapment, but it is not clear how serious Spanish leaders perceived the risk to be, because Spanish negotiators usually mentioned the risk of entrapment as a tactic to raise the price on the bases.

1970 Agreement of Friendship and Cooperation between the United States and Spain

The negotiations for the agreement revolved around such topics as Spanish entry into NATO, an American security guarantee, and the amount of aid to Spain, but for the purpose of this chapter, I will focus on the limit imposed on American use of the bases in Spain.

Before the 1970 renewal, several events made the Spaniards more critical of American bases. In 1966, for example, an American bomber collided with a refueling plane and dropped four hydrogen bombs on the land and in the sea near the small Spanish village of Palomares. Diplomatically, the 1967 war in the Middle East made Spain realize that its pro-Arab policy was compromised by American use of the Spanish bases for such contingencies. In addition, the Spanish bargaining power was perceived to be rising because of increased Soviet presence in the Mediterranean and America’s loss of Wheelus Air Base in Libya subsequent to Qaddafi’s coup in 1969 (Cortada, 1980, 248-249). A memorandum for the National Security Council Review Group summarizes the

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187 In fact, despite the 1970 agreement described below, Americans in 1973 used the bases in Spain to support Israel in the Yom Kippur War, violating the strict neutrality declared by Spain (Viñas 2003, 23).
political concerns of the Spanish government at the time: “risk to Spain of possible retaliation by United States enemies, no security guarantee, large United States visibility of bases and personnel not for defense of Spain but for NATO, risk of danger from United States operations and excercises…possible inhibitions upon Spanish independence in foreign policy, and affront to Spanish pride in that Spain rents its territory without the status of equal partnership.”

In order to put a limit on American use of the bases, the Spanish negotiators requested the wartime activation clause to be made public and the new base agreement to have “a clause establishing the necessity for prior agreement for the war use of the armed forces of the United States stationed in Spain.” The Spanish argued that the secrecy of the activation clause “could seriously damage” the two countries’ relations “in the eyes of public opinion” and that “the automatic use of the bases cannot continue.” In addition to diplomatic, strategic, and domestic political concerns, the Spanish might have raised the issue as a negotiation tactic: the Spanish Minister of Foreign Affairs had earlier expressed their willingness to collaborate in security affairs with the United States “the same, lesser, or even more…depending on the degree of security and protection that the United States would be in a position to offer.” The United States acceded to the Spanish request. The following explanation was given in a State Department document, which was presumably prepared as talking points to members of the Senate Committee.

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189 See documents in “April 1970” folder in box 11 of the following: Department of State, Entry 5600, Bureau of European Affairs, 1963-76, RG 59, Stack 150, Row 73, National Archives at College Park. The quotation is from the pp.3-4 of “NOTE” dated April 12, 1970.
190 “NOTE” undated, p.3 in “April 1970” folder. See the previous footnote.
191 “NOTE” dated April 12, 1970, p.4.
on Foreign Relations: “Since we did not intend to give Spain a security commitment and made this clear in the negotiations, they insisted on more control over the bases. Therefore, the 1953 Secret Annex was dropped from the new agreement.”

Thus, Article 34 of the 1970 agreement states that “the time and manner of” American use of the bases “will be the subject of urgent consultations between the two Governments, and will be resolved by mutual agreement in light of the situation created.”

1976 Treaty of Friendship and Cooperation between the United States and Spain

In the previous periods of the alliance, the United States did not demand safeguards against entrapment by Spain, simply because the superpower was not obligated to defend Spain in the first place. This situation changed when the United States signed a new agreement with post-Franco Spain in January 1976. This time, the two parties reached a formal treaty with the approval of the U.S. Senate, and the United States, for the first time in the alliance, gave Spain a security guarantee “in case of an attack against Spain or the United States in the context of a general attack against the West” (Supplementary Agreement on Bilateral Military Coordination, Article II). With this new development, the United States imposed a limit on the alliance by defining “the geographic area of common interest,” which clearly excluded contingencies in North Africa. Americans had repeatedly told the Spaniards that they would not help Spain with its problems in its African colonies, and the words had been proven true (Viñas, 2003, 14-15). With a formal defense commitment made, however, Americans re-emphasized

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192 “TALKING POINTS” in “May 1970” folder in box 11 of the following: Department of State, Entry 5600, Bureau of European Affairs, 1963-76, RG 59, Stack 150, Row 73, National Archives at College Park.
their attitude toward Spain’s problems in North Africa. Diplomatic records on the negotiation for the 1976 treaty are still largely unavailable, but probable causes of the new geographic restriction are the formalization of the American commitment and the instability of the North African region, where in November 1975, Morocco staged a mass demonstration, crossing into Spanish Sahara in order to “reunite” the territory.¹⁹³

The U.S.-Spain alliance began without conditions on alliance obligations, because neither party feared entrapment. The allies added safeguard clauses to the alliance agreement as they discovered potential situations for entrapment and as they increased commitment to each other. Even though the risk of entrapment was a relatively minor issue in the alliance, both the stronger and the weaker ally still made efforts to reduce the risk. The case also illustrates that the risk of entrapment is part of the overall alliance management and that states balance the fear of entrapment with other concerns. Spain balanced the fear of entrapment not only with the fear of abandonment but also with the military and economic aid from the United States.

Table 4.5 summarizes the findings of the case studies, and they support Hypothesis 3. Because the United States had more bargaining power than its allies in all the cases, its alliance obligations were more conditional when it feared entrapment. When the allies of the United States had the fear of entrapment and when their bargaining power was relatively strong, they succeeded in restricting their alliance obligations and the United States’ freedom of action. When there was no fear of entrapment or when the

¹⁹³ In addition to Spain and Morocco, an indigenous independence movement and Mauritania also claimed the territory (now Western Sahara).
side with the fear of entrapment did not have enough bargaining power, alliance obligations were less conditional.

Table 4.5. The Fear of Entrapment, Bargaining Power, and Conditions on Alliance Obligations

<table>
<thead>
<tr>
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<th>The side with the fear of entrapment</th>
<th>Bargaining power of lesser allies</th>
<th>Conditions on alliance obligations</th>
</tr>
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**CONCLUSION**

This chapter pointed out the conceptual problems of “entrapment” in alliance literature and differentiated entanglement and entrapment, which is a subset of the former. States carefully design alliances to reduce the risk of entrapment while accepting some risk of entanglement. Quantitative evidence supports this view in that factors that increase the risk of entrapment also increase the likelihood of alliance obligations being
conditional. Case studies of the U.S. alliances with South Korea, Japan, and Spain further demonstrate that both strong and weak alliance partners worry about entrapment and keep redesigning alliances to deal with the risk in accordance with their bargaining power.

Having explained how to observe entrapment analytically, which has never been done in alliance literature before, this chapter empirically demonstrates that states do fear entrapment. Rarity of entrapment does not mean that states do not fear it, and entrapment rarely happens exactly because of the fear and states’ efforts to cope with it. The case studies show that states pay attention to details of alliance agreements, and it may well be that these details had significant impact on many states’ decisions about military entanglement. One may wonder, then, why states do not always safeguard against every undesirable contingency in alliance agreements. Unexpected things happen, but even predictable contingencies are often not mentioned in alliance contracts. As James Morrow points out, leaving some ambiguity gives allies a benefit in deterrence and discourages them from taking advantage of explicit commitments (Morrow, 2000, 73).

We need to keep in mind, however, that the distribution of the benefit among allies is not equal, and states bargain hard for a better position within their alliances. States with less fear of abandonment can negotiate hard, while states with more fear of abandonment have to make demands carefully. Because states need to balance the risk of entrapment with the risk of abandonment, they sometimes have to accept the risk of entrapment (Snyder, 1984, 1997). As in the case of Franco’s Spain, it is also conceivable that states
accept some risk of entrapment for side payments made by their allies.\textsuperscript{194}

Like deterrence, the effect of the safeguard clauses against entrapment is hard to observe, because what we observe is a non-event, but there are several reasons to believe that they are quite effective. If safeguard clauses had no real effects, states would not exert so much effort in designing and negotiating their contents. If the conditions on alliance obligations did not matter, there should not be such a significant difference between the early and more recent findings on alliance reliability.\textsuperscript{195} Furthermore, when safeguard clauses apply and a state still chooses to get involved (i.e. when a state involves itself in a conflict of its ally without being obligated to do so), there is a good chance that the state has a motivation not related to the alliance—and thus the state is not really entrapped or entangled.

I conclude with two policy implications. First, as long as their contents are carefully designed, military alliances do not have to entail a high risk of entrapment. George Washington considered unwise the extension of alliances without shared interests, but the origin of the U.S.-ROK alliance suggests that it can be equally unwise to refrain from an alliance when shared interests are at stake. Since states can adjust the risk of entrapment through the designs of alliances, and since alliances give states some control on their allies’ policy, extending alliance commitments may actually make the states less likely to get involved in military conflicts, even without the deterrence effects of military alliances. Given that states also engage in military conflicts against their allies less and

\textsuperscript{194} This is a situation different from voluntary military involvement for side payments, because the states are accepting only the possibility of entrapment in the future and do not desire the military involvement. \textsuperscript{195} See the introduction of this chapter.
less—an effect of alliances that has proven surprisingly weak in the past—military alliances have a potential of becoming strong institutions of international security management. Second, and finally, the distribution of capabilities in the current international system may be a blessing to the United States but a curse to others. Under unipolarity, the United States not only has advantages over potential and actual adversaries but also over potential and actual allies. The United States has more power to entrap its allies, and other states have more reasons to accept it in order to avoid abandonment by the sole super-ally. It remains to be seen how American leaders can use their advantage in constructive ways and how leaders of other countries will come up with ingenious solutions to their problems.

When we examine how alliances end, approximately 10.1% (52/513) of alliance membership terminations under multipolarity is attributable to intra-alliance war, whereas only 3.5% (13/373) during the Cold War and none (0/165) between 1990 and 2003 ended in intra-alliance war. Russia and Georgia, both members of the Commonwealth of Independent States, fought South Ossetia War in 2008. Bearce, Flanagan, and Floros (2006) argue that alliances reduce conflict among members by providing information about their relative capabilities, and this effect is particularly strong when allies are near power parity. Long, Nordstrom and Baek (2007) explain how certain provisions of alliance agreements promote peace among allies.
Chapter 5: VOICE OF AN ALLY AND THE PROFITABILITY OF AN ALLIANCE: A DOMESTIC THEORY OF MILITARY ALLIANCES

“Paradoxically, as Japan grows economically stronger her bargaining power in Washington is in some sense weakened, since she can less easily argue that without American assistance she faces economic collapse” (Farley, 1955, 142).

“It is an irony that President Roh, initially skeptical of the raison d'etre for the alliance ended his presidency after rendering a great contribution to the strengthening of the alliance. He accommodated difficult demands from the United States, such as troop reduction, redeployment and the concept of strategic flexibility for U.S. forces in Korea, dispatch of Korean troops to Iraq. He also initiated the arrangement for the transfer of the wartime operational control, a welcome development for the United States” (Kim, 2008).

“...as soon as Franco disappeared from the scene, on his way to God and the judgment of History, all the Governments of the new Spanish democracy were bent on achieving a rebalancing of the relationship with the leading Western power” (Viñas, 2003, 24).

This chapter presents an application of my theory at the domestic level, with case studies of the United States’ alliances with Japan, South Korea and Spain. The systemic analysis in Chapter 3 helps us understand the range of outcomes that are possible in a given international environment, but this chapter further explains where within this range bargaining outcomes are likely to be reached. In addition to the systemic factors, allied states’ specific interests in an issue and domestic politics of the allies affect intra-alliance bargaining. Since a state’s interest varies issue by issue, we
should look for a systematic pattern in the domestic politics of the allies, which affect the sizes of the win-sets and the allies’ willingness to concede in bargaining. I argue that the presence of effective domestic opposition to an alliance, a leader’s attitude toward the alliance, and the leader’s vulnerability, are the three particularly important factors.

This chapter also develops two concepts closely related to intra-alliance bargaining power, voice (or influence) and profitability. I argue that voice is determined by how much one is perceived to be able to give, while profitability is observed by how much one is able to take relative to what one gives. While the systemic factors affect the voice of alliance partners, domestic factors discussed in this chapter are more closely related to the profitability of an alliance to its members. Either of the concepts can be linked to the discussion of bargaining power, but their differences must be clearly articulated. Sometimes, an actor has more bargaining power because it is stronger and more resourceful—I call this kind of bargaining power “voice.” In other times, an actor has more bargaining power because it is weaker and can credibly refuse the demands of the other party—I call this a case of higher “profitability.” What I call voice and profitability are often confused in the discourse of alliance politics, and I here clarify the qualitative difference between the two concepts. They should not be confused, for there is even a tradeoff between them. Having greater profitability decreases voice because the other party benefits less from the alliance and becomes less dependent on the state. Similarly, when a state’s resource increases, its voice is likely to increase but the profitability of its alliances may decline because the state has more difficulty in denying the request of its allies.
Effects of domestic opposition to cooperation have been widely studied—among others, in the two-level game literature (e.g., Putnam, 1988; Evans, Jacobson and Putnam, 1993)—but this chapter increases the explanatory power of domestic politics by adding the role of leaders to the picture. Beyond the personal affinity between leaders of alliance partners, certain characteristics of the leaders affect bargaining between allies. For instance, some would argue that a pro-alliance leader is better positioned to obtain concessions from an alliance partner, because the ally is more willing to concede to a cooperative partner. On the other hand, others would argue that a more neutralist leader is a better negotiator because he or she can more credibly take a tough stance in negotiations. Both mechanisms are at work in interstate negotiations, but I argue that the vulnerability of the leader determines which effect prevails. When a leader is likely to stay in power for a long time, the other state either has to accept concessions to the tougher demands of a neutralist leader or does not need to prop up a pro-alliance leader. In contrast, when a leader’s rule is shaky, the other state either benefits from undermining a neutralist leader by withholding concessions or needs to support a pro-alliance leader by making concessions.

In the following, I first present a domestic theory of intra-alliance bargaining, by explaining how a leader’s attitude and vulnerability as well as domestic opposition to an alliance affect the bargaining power of a state vis-à-vis its ally—more specifically, profitability of the alliance to the state. I then conduct a “structured, focused comparison” of the U.S. alliances with Japan, South Korea, and Spain with respect to the three independent variables and intra-alliance bargaining (George, 1979; George and Bennett,
The conclusion discusses the implications of my findings and future research agenda.

**THEORY**

**International and Domestic Push**

An outcome of bargaining between allies, like that of any other international negotiations, is determined by both international and domestic factors. A mutually beneficial agreement can be reached when two or more states’ interests overlap, and win-sets (i.e. the ranges of outcomes acceptable to the negotiating parties) become larger or smaller according to both international environment and domestic politics (Putnam, 1988). The best alternative to a negotiated agreement (BATNA) changes for the negotiating parties when international factors or domestic political situations change (Fisher, Ury and Patton, 1981; Odell, 2000). For instance, increased external military threats would raise the value of alliance cooperation and increase the size of the win-set for the threatened state. When one of the negotiating parties is approached by a third party for a new alliance, the BATNA for the approached state improves as the state can substitute the existing alliance with a new alliance. When we look at the interests of sub-national actors, a leader with a neutralist inclination or a leader who faces domestic opposition to an alliance has a smaller win-set (and a better BATNA) in alliance negotiations. Moreover, when the alliance partner has certain interests in the domestic political situation of the state (e.g., preserving an anti-communist regime), the win-set of the alliance partner changes as domestic politics of the state shift.

Capabilities or resources of states have effects on both international and
domestic factors. When we look at the international equilibrium of the alliance market, a state’s increased capability should lead to an improved bargaining position for the state. When we look at the interaction between international bargaining and domestic politics, however, the effects of increased resources are not so clear. As Thomas Schelling pointed out, qualities such as “more financial resources, more physical strength, more military potency…are by no means universal advantages in bargaining situations; they often have a contrary value” (1960, 22). Since lack of resources creates domestic opposition against concessions to an ally, it also makes the state’s refusal to give in to the ally’s demands more credible and understandable. In some cases, therefore, a shift that appears to be favorable to a state at the international level can actually lead to a less favorable outcome to the state if the shift erodes the domestic sources of bargaining power at the negotiating table. In Figure 5.1, for instance, the international equilibrium shifts in favor of State A (i.e. the range of outcomes moves closer to A’s ideal point), but the actual outcome shifts against State A’s interest because domestic politics push the bargaining in favor of B.
Before

Two parties' win-sets overlap within the dotted lines, and a cooperative outcome within this range is better than non-cooperation for both states. Systemic factors such as the distribution of capabilities and demands for certain goods in the alliance market affect the size and the location of the range, but domestic politics also push the outcome in systematic ways. The domestic-level factors I discuss in this chapter affect how much more a state tends to gain from its alliance relative to the minimum benefit necessary to make the alliance profitable, considering opportunity costs.\(^{197}\)

197 In the context of bargaining, “Who gets more?” is one of the most important questions. But simply asking who gets more utility does not make sense, since utility is subjective and cross-national comparison does not really work here. Thus, it is better to ask who gets more relative to the minimum benefit necessary...
Before we proceed, three points are worth mentioning. First, allies’ expectations for future interactions play an important part in the following analysis, and I assume that the actors do not discount the future too much. Although intra-alliance bargaining is reduced to a single dimension in Figure 5.1 for simplification, I try to analyze the general pattern of bargaining between allies rather than an outcome of a specific negotiation. Second, when I write about profit for a state, I am referring to profit to the aggregate interest of the people of the state, and not to the interests of the negotiator, the leader, the opposition groups, or any other sub-groups of the state. Therefore, the minimum benefit necessary, or the farthest point from a state’s ideal point acceptable to the state, is not defined by that of the leader or the opposition group. The dotted line in Figure 5.1 shows the range of mutually beneficial outcomes for States A and B but not accurately reflects the range of possible outcomes, because the aggregate interests of states and those of the sub-national groups are not the same, and also because actors make strategic moves in the anticipation of future interactions. Third, the following variables are important only to the extent that they are visible to one’s ally, and what really matter are the perceptions of these variables rather than the reality. For instance, the Americans were seriously concerned about the risk of Japan becoming a neutral state in the early years of the Cold War, and the American perception played a decisive role in the revision of the U.S.-Japan security treaty, although Japan in hindsight was unlikely to distance itself from the United States.

**Domestic Opposition to Alliance**

to make the alliance profitable.
Domestic opposition to an alliance increases a state’s bargaining power vis-à-vis its ally because “the power of a negotiator often rests on a manifest inability to make concessions and meet demands” (Schelling, 1960, 19). The opposition raises the cost of alliance cooperation for a leader, thus limiting negotiations and shrinking the size of the leader’s win-set in intra-alliance bargaining. The minimum benefit necessary for a leader to choose cooperation in an alliance is higher when there is effective domestic opposition to the alliance. In order for this to happen, there have to be actors who visibly oppose alliance cooperation. The opposition to an alliance can come from various sources such as the general public, political parties, and mass media. We can always find at least some opposition in almost any case, but what I focus here is effective opposition visible to the ally -- opposition that can harm the future of the alliance unless appeased with some concessions. Because effective opposition to a military alliance is not viable under non-democratic regimes, democratization often brings the change in this variable. Opposition to an alliance or policy, however, does not always mean opposition to a government, and vice versa; the two different kinds of opposition should be clearly distinguished. Moreover, a liberal political environment that permits opposition to a government and its policy is a necessary but not sufficient condition for effective opposition because opposition is not necessarily present even when it can be freely expressed.

198 For examples of works that discuss the effects of domestic constraints on security affairs, see Fearon (1994); Schultz (2001); and Howell and Pevehouse (2007).
199 The pursuit of profit with the help of domestic opposition could backfire, however. Democratization of the Philippines shrank the win-set of the country, but because the Untied States was not ready to concede, it led to the closures of the bases and reduced aid to the Philippines.
People oppose an alliance for various reasons, but I assume that the preferences of opposition groups are sufficiently homogeneous in most issues. A left-wing radical may oppose an alliance with an “imperialist” power for ideological reasons or the fear of entrapment. A right-wing reactionary may oppose an alliance with a foreign state because he or she worries that the alliance weakens the sovereignty of the state and deprives it of independence and dignity. As Putnam (1988) points out, when the domestic opposition groups’ preferences are not homogeneous, the negotiation process becomes more complicated, and a concession made by the other party does not please all the opposition groups. For instance, the sale of a new weapons system may please right-wing groups but repulse left-wing groups who oppose the militarization of the state. For the current purpose, I treat the preferences of domestic opposition as homogeneous; that is, all the domestic opposition groups prefer policy change in one direction (toward the state’s ideal point in Figure 5.1). This assumption saves us from a serious complication of the argument and is reasonably realistic for a wide array of issues, including military commitments, basing rights and economic aid. For many goods exchanged between allies, the more goods a state receives, and the less goods the state gives, the better the alliance is to most people in the state. Even when two different groups are opposing alliance cooperation for two opposite reasons in State A, State B can estimate the overall cost imposed on State A’s leader after support and opposition from various groups in State A are considered. I should also emphasize here that opposition groups to an alliance do not have to be veto players, that is, “individual or collective actors whose agreement is necessary for a change of the status quo” (Tsebelis, 2002, 19). Opposition makes
cooperation in an alliance politically costly and difficult but seldom impossible.\textsuperscript{200}

**Attitude of a Leader**

Leaders’ attitudes in an alliance vary from pro-alliance to neutralist (or anti-alliance). A pro-alliance leader is a leader whose utility for cooperation in an alliance is high, and a neutralist leader has low utility for intra-alliance cooperation. I use these terms because they have been popularly used to describe leaders in my cases, but the labels only mean leaders with low or high cost for cooperation. For the current purpose, the readers should not attach any historical meaning to the term, “neutralist”; the concept is related but separate from neutralism during the Cold War.\textsuperscript{201} Because a leader is pro-alliance or neutralist relative to the alternative leaders in the state, the larger the gap between the current leader’s attitude and that of the likely alternative, the starker the effects of this variable are. The difference of attitudes is sometimes expressed along the party line; opposition parties in Japan, South Korea, and Spain questioned the utility of their countries’ alliances with the United States during the Cold War. Personal differences, however, can be large even within a political party. Japanese Prime Minister Kishi Nobusuke (1957-1960), for example, was considered to be much more pro-alliance than his two predecessors, Hatoyama Ichiro (1954-1956) and Ishibashi Tanzan (1956-1957), though all three belonged to the Liberal Democratic Party. South Korean Presidents Kim Dae-jung (1998-2003) and Roh Moo-hyun (2003-2008) had a similar

\textsuperscript{200} Furthermore, Tsebelis’s theory explains policy stability or instability, but not the direction of change. In contrast, domestic opposition explains the direction of policy change but not policy stability or instability. Opposition can cause policy stability by denying concessions to an ally, but it can also lead to policy change by pushing an ally to concede more.

\textsuperscript{201} On neutralism in the context of the Cold War, see Morris (1960) and Anabtawi (1965)
base of political support, but Roh was considered to be neutralist while Kim was regarded as a clear advocate of the alliance with the United States. It is difficult to examine an alliance’s real utility to a leader, but our task is a more manageable one—to examine the perception of the ally. I will therefore examine the American perceptions of the leaders of Japan, South Korea, and Spain for this variable.

Like leaders who face effective opposition against an alliance, neutralist leaders genuinely have a higher cost for cooperation with an ally, and yet this does not automatically lead to a bargaining advantage for neutralist leaders. When allies fail to cooperate, the consequence (e.g., stalemate, the deterioration of alliance relationships, or the dissolution of the alliance) looks less gloomy to neutralist leaders than to pro-alliance leaders. Because the utility of the best alternative to a negotiated agreement (BATNA) in alliance negotiations is higher for neutralist leaders, they can make tougher demands to their allies (cf. Fisher, Ury and Patton, 1981; Odell, 2000). If alliance politics is a one-shot game and its players are fixed, the high cost of cooperation simply raises the bargaining power of a neutralist leader. Allied states, however, interact with each other many times, and their leaders are replaced from time to time. When the long-term interests are considered, the ally has an interest in resisting the tough demands from a neutralist leader. By withholding concessions, the ally may lose some benefits from the alliance in the short term, but if it helps topple the neutralist leader, the ally can recover the lost benefits in the future interactions with more pro-alliance leaders. By rewarding pro-alliance leaders and punishing neutralist leaders of the target state, the ally may also be able to influence the partner’s future policy.
Thus, a neutralist leader is a tough but not necessarily good negotiator because the ally tries to avoid helping the inconvenient negotiation partner. In extreme cases, states actively undermine and violently replace a neutralist leader of their ally. The Chilean President Salvador Allende was killed in the 1973 coup d'état supported by the United States after economic sanctions and various measures were placed against him. The Afghan President Hafizullah Amin, whose loyalty to the Soviet Union came into question, was killed by Russian KGB agents in 1979, and the Soviet Union fought a war to support the pro-alliance Marxist People's Democratic Party of Afghanistan. By the same token, states are more willing to help out pro-alliance leaders of their allies, even though pro-alliance leaders require fewer concessions to be satisfied. In sum, the attitude of a leader alone does not tell us much about the bargaining leverage of the leader.

**Vulnerability of Leaders**

I define the vulnerability of a leader primarily by the expected duration of the leader’s power and secondarily by how much the leader’s power is affected by the concessions made by the allied state. We can alternatively call this variable the “replaceability” of a leader. What matters to an alliance partner is how long a leader continues to keep the control of the country’s policy, given what the ally can do to influence the time. Although the political system of a country significantly affects the vulnerability of a leader, this variable is not solely determined by the regime type.

Democratic leaders often have institutional limits to their time in power, but there is a

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203 Some of the U.S. documents have been declassified (see Kornbluh, 1998).
204 See Andrew and Mitrokhin (2005). In the ATOP dataset, the alliance terminated when the Soviet Union installed a new leader in place of Amin.
substantial variation among democracies. Presidents in democracies have fixed terms; for instance, South Korean presidents after democratization are in power only for one five year term. Prime ministers in parliamentary democracies have various expected durations, depending on the prospect of elections. Still, in other cases like Japan, prime ministers were replaced largely according to the intra-party dynamics of the dominant party.205 For the leaders of non-democratic states, the variation is even larger. Some dictators such as Francisco Franco (1939-1975) and Kim Il-sung (1948-1994) stay in power for decades, but others disappear in a matter of weeks or days. For this variable, therefore, it is desirable to examine the perception of the alliance partner about the expected duration of a leader’s power rather than simply relying on the regime type. A leader’s expected duration of power is important independent of his or her susceptibility to concessions by an ally. When the duration of power is expected to be short, an ally can refrain from cooperation with a neutralist leader without losing too much benefit from the alliance. In contrast, when a neutralist leader is expected to stay in power for a long time, an ally is more strongly compelled to deal with the said leader. When a pro-alliance leader’s time in office is expected to be long, supporting the pro-alliance leader is less necessary and more costly for the ally. However, a pro-alliance leader with a very limited expected duration of power may not be worth supporting, because the ally is not likely to recover the investment.

In addition to the expected duration of a leader’s power, an alliance partner’s

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205 Depending on the scope of the research, it may be sometimes useful to treat a group or a series of leaders as one actor. For instance, the successive LDP leaders may be treated as a single invulnerable pro-alliance leader to the extent that their rule and alliance policy was stable and homogeneous, although personal differences among them can be important in some cases.
move in a negotiation is influenced by how much its concessions to the target state will affect the power of the target’s leader. This second definition of vulnerability is not unrelated to the literature on asymmetric interdependence (e.g., Hirschman, [1945] 1980; Keohane and Nye, 1977), but it should be emphasized that the vulnerability can sometimes increase the bargaining power of leader in my theory. I give this factor only the secondary role in the definition of the vulnerability, because the duration of a leader’s power seems to be only marginally affected by the ally’s concessions in most cases. Theoretically, however, and practically in some cases, the degree of a leader’s dependence on the ally’s concessions is crucial for the discussion of intra-alliance bargaining. The ally has a strong incentive to strategize its concessions only when making (or withholding) a concession significantly helps (or hurts) the leader of the target state. In an extreme situation where the fate of the leader entirely depends on its concessions, the ally would remove a neutralist leader as soon as possible and would keep a pro-alliance leader by making a necessary concession—a situation perhaps too extreme to be called bargaining. In contrast, if concessions by the ally do not affect the fate of the leader at all, the ally has no strategic incentive to manipulate its concessions; the ally will still adjust its concessions according to the expected duration of the target leader’s power, but only because refraining from cooperation and waiting until a pro-alliance leader naturally emerges may be more beneficial in some cases, and not because the adjustment affects the target leader.

The vulnerability of a leader has an interaction effect with the leader’s attitude on the bargaining power of a state. When a leader is not vulnerable, being pro-alliance
does not help, because the alliance partner knows that the pro-alliance leader is more cooperative and does not need to be propped up either. An invulnerable neutralist leader has a strong bargaining position because he or she is genuinely reluctant to cooperate with the ally and yet the ally still has to keep dealing with the tough negotiator. When a leader is vulnerable, in contrast, a pro-alliance attitude gives an advantage to the leader, because the ally has to keep supporting the leader to avoid his or her replacement by a neutralist leader.  A vulnerable neutralist leader is still a tough negotiator, but the ally no longer has an incentive to concede to him or her because the ally can withhold concessions and wait for a pro-alliance leader to emerge.

The following table summarizes the effects of the three explanatory variables on intra-alliance bargaining power.

### Table 5.1. Domestic Politics and Intra-Alliance Bargaining Power

<table>
<thead>
<tr>
<th>When a leader is not vulnerable</th>
<th>Pro-alliance leader</th>
<th>Neutralist leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong opposition to alliance</td>
<td>Moderate bargaining power</td>
<td><strong>Strong bargaining power</strong></td>
</tr>
<tr>
<td>Weak opposition to alliance</td>
<td><strong>Weak bargaining power</strong></td>
<td>Moderate bargaining power</td>
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<table>
<thead>
<tr>
<th>When a leader is vulnerable</th>
<th>Pro-alliance leader</th>
<th>Neutralist leader</th>
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<tbody>
<tr>
<td>Strong opposition to alliance</td>
<td><strong>Strong bargaining power</strong></td>
<td>Moderate bargaining power</td>
</tr>
<tr>
<td>Weak opposition to alliance</td>
<td>Moderate bargaining power</td>
<td><strong>Weak bargaining power</strong></td>
</tr>
</tbody>
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206 Licht (2010) demonstrates that leaders who face a higher risk of losing office are significantly more likely to receive foreign aid. Her finding is consistent with my argument given that leaders who receive such aid are likely to be those who are friendly toward the donor state. A donor state has little incentive to give foreign aid to an invulnerable and unfriendly leader, unless the tie with the recipient is highly important as in the cases of military allies.
When a leader becomes too strongly opposed to an alliance, or when domestic opposition to an alliance becomes too strong, the continuation of the alliance becomes infeasible. My cases, the U.S. alliances with Japan, South Korea, and Spain, did not experience such extreme situations, and this chapter illustrates the variations in intra-alliance bargaining power as a function of the changes in these domestic variables.

**Voice vs. Profitability**

Thus far, I have referred to bargaining power without distinguishing its sources, but bargaining power discussed in this chapter is qualitatively different from bargaining power discussed at the systemic level. I call the former profitability, and the latter voice. Voice of a state is determined by how much it is perceived to be able to give, while the profitability of an alliance to a state is observed by how much the state is able to take relative to what it gives. Confusing the two concepts is problematic because there is a trade-off between them. Pursuing voice requires moderation in the pursuit of profitability, and those who extract too much profit at the expense of their ally lose voice in their alliances. Changes in state resources have opposite effects on the two sources of bargaining power. For instance, when asked about shifts in intra-alliance bargaining power, experts on the U.S.-Japan alliance almost unanimously mention two contradicting trends. I characterize these trends as increased voice and a decline of profitability for

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207 It is not strange that two concepts with a trade-off get confused. For instance, many people judge how much money others have based on how much money they spend, even though spending reduces money.

208 The author’s nine interviews in Japan in the summer of 2006. The interviewees include scholars, current and former high-ranking officials of the Ministry of Foreign Affairs, Defense Agency (now, the Ministry of Defense), and the Japan Self Defense Forces.
Japan. On one hand, Japan’s political, military, and economic recovery from the World War II led to a significant increase of its voice in the alliance. On the other hand, however, these same factors made it increasingly difficult for Japan to play “the strength of weakness” strategy in the alliance. Japanese people became too rich to demand economic concessions from the United States; in fact, they were not particularly troubled by their government’s economic concessions to the superpower. Since the Japanese leadership was, more or less, always pro-alliance, Japan’s bargaining power also decreased as the vulnerability of their leaders declined. As the rule of pro-U.S. conservative political groups became stable, Japan had to share an increasing burden of the alliance, and the profitability of the alliance declined accordingly for Japan.

I address the issue of bargaining power throughout the dissertation, but this chapter is a particularly good place to make this clarification, because I introduce in this chapter the notion of bargaining leverage based on weakness (see Figure 5.2).
In my formulation, the systemic factors tell us a range of outcomes where allied states benefit from their exchange. The voices (or influences) of allies change according to their positions in the alliance market—in other words, how much the states are sought after as allies. In contrast, my domestic-level analysis addresses how much allies are willing to concede to each other, given the range of overlapping win-sets. The domestic-level factors affect profitability, that is, how much more a state gains from its alliance relative to the minimum benefit necessary to make the alliance profitable to the state. Having greater profitability (i.e. gaining more in the overlapping range of mutual benefits) decreases voice because the other party benefits less from the alliance and becomes less dependent on the state. What I call bargaining power at the systemic level

Invulnerable neutralist leaders, on the other hand, obtain high profitability because of their strength in domestic politics.

Lack of opposition to alliance and pro-alliance attitude of a leader increase how much a state is perceived to be able to give (i.e. voice), but the effect is marginal and subsumed in the trade-off between voice and profitability.
is voice while bargaining power in my domestic-level analysis is profitability. When we examine the issue of intra-alliance bargaining power, we have to rely on the observation of outcomes, but we need to be aware of the qualitative difference between a favorable outcome based on the strength at the systemic level and a favorable outcome based on domestic variables.

**CASE STUDIES**

**Case Selection**

There are significant variations in the three domestic explanatory variables across and within the three American alliances. The effectiveness of anti-alliance groups varied, as did the vulnerability of the leaders in these states. With regard to the attitudes of the leaders, none of the countries were ever ruled by an absolute neutralist, but what matters is the leaders’ attitude relative to their alternatives, and there is a large enough variation in the perception of the American government to affect the bargaining power of the allies. These variations are partially attributable to the political institutions of the states; for instance, Japan achieved democratization as soon as the American occupation ended while South Korea and Spain took decades to do so. These variables, however, were also affected by the terms of the alliances and specific events, and they cannot be operationalized solely by the regime types. In the following case studies, I focus on the periods when the three domestic variables changed in the most dramatic ways.

I conduct case studies on the domestic politics of U.S. allies rather than on those of the United States. This limits the complexity of the analysis and is justifiable in several ways. First, although one might think that domestic politics of stronger states
should matter more, what I analyze here is the strength of weakness as per Thomas Schelling (1960, 1966). The weaker can more credibly threaten non-cooperation with this strategy. Second, my argument works well when a state’s concessions make a real impact on its allies’ domestic politics. Clearly, U.S. concessions have made a bigger impact on its allies than vice versa. Third, at least in the past, domestic politics in the United States have been more stable than those of its allies in terms of the three variables discussed.

**U.S.-Japan Alliance**

**Japanese Domestic Opposition to the U.S.-Japan Alliance**

The U.S.-Japan alliance was born in 1951 amidst the heightening tension of the Cold War and a hot war on the Korean peninsula, but the attitude of the Japanese public toward it was lukewarm at best. Unlike its neighbor, South Korea, Japan was not directly facing clear military threats from the communist powers, and the formation of the alliance was a continuation of the status quo from the occupation era. Consequently, the formation of the alliance seemed to be a passive acceptance of the security ties with the United States rather than Japan’s own policy. While many acknowledged the desirability of close ties with the United States for political, military and economic reasons, others worried about getting entangled into America’s conflicts in Asia or getting deprived of autonomy under another form of occupation, with American troops stationed in Japan.

The main force of the opposition to the alliance came from the left wing of the political spectrum, although there was some opposition to the alliance from the ultra-nationalist groups as well. Most importantly, the leftist groups in postwar Japan
consisted of pacifists who learned bitter lessons from their wartime experience and wanted to dissociate themselves from anything military. They were afraid that the military ties with the United States could push Japan back into the road of militarism both internationally and domestically. In addition, the leftists were ideologically critical of the United States and sympathetic to the Soviet Union and the People’s Republic of China.\(^{211}\)

The U.S. government recognized the influence of the leftist groups on Japan’s security policy. A telegram from the Embassy in Japan to the Department of State points out that “there is an instinctive yearning on part of most Japanese for world where they would not have to side with either American or Soviet giant but could sit it out on sidelines,” and the “latent neutralism is fed on anti-militarist sentiments, pacifism, fuzzy-mindedness, nuclear neuroses and Marxist bent of Japanese intellectuals and educators” (FRUS, 1958-1960, Vol.XVIII, 380). According to a National Security Council Report, the Socialists “are dominated by extreme left-wing elements advocating a Communist-oriented neutralism,” and they are “presenting difficult problems for the United States, since these extremists are strongly anti-United States” (FRUS, 1958-60, vol.XVIII, 338). In addition, the Communist Party, “though numerically weak, exercises a significant influence over Japanese opinion particularly through its penetration of mass organizations, labor, education and the information media” (ibid).

The opposition groups that advocated the abrogation of the U.S.-Japan alliance never became the mainstream in Japanese politics, but it was not clear at all in early postwar years that they would fall into the status of a permanent opposition. In addition,\(^{211}\)

\(^{211}\)For the same reason, right-wing groups, who were otherwise unhappy with Japan’s subordination to the United States, were willing to support the alliance, because it could serve as a barrier against communism.
even without taking power, “the influence of the Socialists on conservative policy” was considerable because conservatives were “impelled to say and do things considered popular” (FRUS, 1955-57, vol.XXIII, 206). Figure 5.3 shows the leftist parties’ share of seats in Japan’s House of Representatives, which is the lower house of the Diet and the more powerful chamber of the bicameral legislature.\footnote{I count the seats of Rightist Socialists, Leftist Socialists, the Socialist Party, Communist Party, Labor and Farmer Party, and Social Democratic Party.}

![Figure 5.3. Leftist Parties' Share of Seats in the Japanese House of Representatives](image)

When we look at the entire time span, the figure shows a trend of decline for the leftist parties, but the power of the leftist parties seemed to be rapidly growing in the late 1950s. The U.S. government was so concerned about the rising power of the leftist parties that it
provided funds to the Liberal Democratic Party and conservative elements within the Socialist Party through the Central Intelligence Agency (Schaller, 1997, 135-36, 159, 165). According to Historian Michael Schaller (1995), as much as $10 million annually may have been spent for this operation between 1958 and 1960.213

Opposition to the alliance from the general public followed the trend in the Diet in that it peaked around 1960 and gradually became marginal in the public discourse. In the early years of the Cold War, the Japanese were seriously concerned about getting entangled into America’s war in Asia. The memory of the World War II was still vivid and there was a hot war in the neighboring Korean peninsula. The Soviet Union tested its first nuclear weapon in 1949, and the Soviet launching of Sputnik in 1957 increased the sense of vulnerability among many Japanese, who feared that American bases could become the target of the Soviet nuclear weapons.214 The first (1954-55) and the second (1958) Taiwan Strait crises also increased the tension in East Asia and the Japanese fear of entanglement. Japan’s Self Defense Forces (SDF) were not sent abroad until after the end of the Cold War (minesweepers to the Persian Gulf in 1991 and United Nations Peace Keeping Operation in Cambodia in 1992), but, without the wisdom of the hindsight, the Japanese public was concerned that the new-born SDF might become militarily active.215

Another source of Japanese dissatisfaction in the 1950s is the terms of the 1951 security

213 “The investment paid off handsomely. In the May 1958 election to the Diet's lower house, the LDP retained nearly all its seats while the frustrated Socialists fell to bickering, culminating in a party split at the end of 1959. Meanwhile one of the Americans involved in the operation remarked cynically that Japanese politicians proved they were like those everywhere else--anyone was welcome to play in their game as long as they put up the money” (Schaller, 1995).

214 See for example, Kataoka and Myers 1989, 18; and Nishihara and Tsuchiyama 1998, 183.

215 Unofficially, Japanese minesweepers had been sent to the Korean War in 1950, four years before the SDF was formed.
treaty with the United States. As I explain later, the terms of the treaty were unfavorable to Japan, and even pro-alliance conservative elites resented the inequity of the treaty. Base-related crimes and nuisances also troubled the general public, and their anger was further exacerbated by the special status of the American military personnel granted by the treaty. For instance, in 1957, the Japanese public was outraged when a Japanese housewife picking spent rifle cartridges was shot and killed by an American soldier, William Girard. After jurisdictional disputes between the Japanese authorities and the U.S. Army, Girard was eventually turned over to the Japanese court but was handed only a three-year suspended sentence and went back to the United States after the trial.

In the field of economy, Japan in the 1950s was still in the recovery period, and its need for economic concessions from the United States was credible. A State Department document predicted that “[p]rolonged economic distress would weaken moderate political forces, encourage extremist parties of both right and left, and probably lead eventually to an ultra-nationalist resurgence”; it also indicated a concern that in “the event of an imminent threat of general war, Japan might attempt to assume a neutral position in an effort to avoid nuclear destruction” (FRUS, 1955-57, vol.XXIII, 133). Many Japanese also complained about the restrictions imposed by the United States on their trade with China, which was a major market for prewar Japan. The Japanese gradually realized that the Chinese economy was not as important to them as before because of the communist China’s economic policy and the different international economic environment, but the mental adaptation took some time and the economic

216 Calder (2007) explains how “compensation politics” developed to solve base-related problems in Japan.
opportunity cost of the U.S.-Japan alliance seemed high in the early postwar years. Thus, the United States opened its market to Japan for strategic reasons; Americans were so successful in making Japan dependent on the American market that trade frictions became a major issue for the two countries by the end of the 1960s (Schaller, 1997).217

Japanese top leaders exploited the domestic opposition to the alliance from the leftist groups and the general public to their advantage. Opposition to the alliance was used as bargaining leverage even before American occupation ended in 1952, as Prime Minister Yoshida Shigeru secretly encouraged anti-American movements in order to obtain concessions from the United States during the peace treaty and alliance treaty negotiations (Igarashi, 1986, 250-253). Yoshida in 1954 again refused American demands for faster rearmament of Japan by referring to Article 9 of the Japanese constitution and the threat of left-wing backlash (Schaller, 1997, 279). As former Prime Minister Noboru Takeshita (1988-89) explained, “the Liberal Democrats had used the possibility of criticisms by the Socialists to deflect demands by the United States to speed rearmament or play a more active role internationally” (Schaller, 1997, 120). The leftist groups “provided a screen for the conservatives,” and “Washington, hostage to fear of communism, concluded from the riots of 1960 that Japan had to be left alone with its domestic priorities” (Kataoka and Myers, 1989, 20).

Domestic opposition to the U.S.-Japan alliance became most visible around 1960, when the alliance treaty was substantially revised for the first and last time. The intra-

217 “President John F. Kennedy's advisers envisioned a future in which Japan doubled or tripled its exports to the U.S., making Japan so dependent on American consumers that it could never contemplate neutrality...this trade strategy contributed to an economic transformation barely imaginable to leaders on either side of the Pacific” (Schaller, 1995).
alliance bargaining power of Japan increased because of the presence of effective opposition to the U.S.-Japan alliance. Despite American concessions in the 1960 treaty revision, the renewal of the alliance caused the largest political turmoil in postwar Japan. Millions of Japanese engaged in protest against the revision of the treaty, and some of the radical groups took violent measures. When White House Press Secretary James Hagerty arrived in Japan on June 11, 1960 to prepare for President Eisenhower’s visit, his car was surrounded by the protesters, and a Marine helicopter had to retrieve him and Ambassador MacArthur after the Japanese police created the room for its landing. On June 15, in a confrontation between the police and the student groups, a female student from Tokyo University was killed. Kishi used gangs and right wing groups against the protesters and even attempted, unsuccessfully, the mobilization of the Self Defense Forces, but he was not able to control the situation. Kishi had hoped to celebrate the ratification of the treaty with Eisenhower, but the American president’s trip to Japan was canceled in the last minute for security reasons. Understandably, both the U.S. and Japanese governments became very cautious in their management of the alliance in the 1960s, although they gradually realized that Japanese domestic opposition to the alliance was not a serious threat as long as the two countries did not radically challenge the status quo of their security relationships (cf. Buckley, 1992; Schaller, 1997). By 1970, when the 1960 treaty was about to expire, the issue had become much less controversial; in a poll conducted in February 1970, only 19% of Japanese respondents opposed the automatic

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218 For American reactions to the 1960 crisis, see Sarantakes (1999).
extension of the security treaty, and 39% supported the extension.\textsuperscript{219}

**Attitude of Japanese Leaders**

The most visible changes in this variable occurred in 1957 and 1993, when Kishi Nobusuke and Hosokawa Morihiro became prime minister, respectively. Since the end of American occupation, the Japanese government has never been led by serious neutralists. In 1994, when Murayama Tomiichi, the head of the Socialist Party, became prime minister in the coalition government with the LDP and New Party Sakigake, even the Socialists abandoned their neutralist policy. There is nevertheless a variation in the relative degrees of Japanese leaders’ pro-alliance attitudes, and it had an impact on the bargaining power of Japan.

Notwithstanding his wartime record, Kishi in the 1950s stood out as a pro-alliance leader even among conservative political elites. Kishi, “America’s favorite war criminal,” was a member of the Tojo cabinet and co-signed the declaration of war against the United States in 1941.\textsuperscript{220} After the Japanese surrender, he spent three years in prison as a class-A war crime suspect. However, as the priority in the U.S. government’s policy toward Japan shifted in accordance with the rising tension of the Cold War, Kishi gained the trust of American policy makers as a strong anti-communist conservative politician. Kishi was one of the leaders who unified the conservative factions and created the LDP, and he became the American choice for the prime minister as early as in the end of 1954,

\textsuperscript{219} In 1957, those satisfied with the security treaty were less than one third of those who were dissatisfied. See “Kokusai mondai ni kansuru chosa (Polls on International Affairs),” M095, M106 and M107 at https://ssjda.iss.u-tokyo.ac.jp/.
\textsuperscript{220} For Kishi’s rise as a pro-American leader in postwar Japan, see Schaller (1995). Some argue that Kishi is not technically a war criminal because he was never indicted.
when another pro-American leader Yoshida Shigeru was losing political support. Despite American pressure, however, two other conservative leaders occupied the post of premier before Kishi took power in 1957.

Hatoyama Ichiro, who succeeded Yoshida as prime minister in 1954, was “not regarded as ‘pro-American’” (FRUS, 1955-57, vol.XXXIII, 26). According to a critical assessment by the U.S. government, Hatoyama was “emotional, naïve in international affairs” and loved “public acclaim” (ibid, 25). Hatoyama cabinet was expected to have “little inclination to increase political ties with the free world, particularly in efforts to combat Communism in Asia” and “Hatoyama's advocacy of increased defense efforts” would be only “for the purpose of hastening United States troop withdrawals” (ibid, 26).

In the American view, the Hatoyama government “showed an increasingly independent and uncooperative attitude evident in a number of ways” including “expansion of trade with Communist China, expansion of social welfare measures, reduction of taxes and defense expenditures” (ibid). Hatoyama was considered to have “consistently ignored US interest in handling almost all pending US-Japanese problems” (ibid, 32). In short, he was an inconvenient leader for the United States, who would “trade on Japan's ‘indispensability’ to the United States to extract maximum concessions for the minimum cooperation” (ibid, 26). The United States hoped Hatoyama would be succeeded by Kishi, but to its surprise, Ishibashi Tanzan, another leader of the LDP became prime minister in 1956. The U.S. government “had put their money on Kishi” and hoped that Ishibashi would “not last too long” because they considered Ishibashi anti-American and a “headstrong…rabble rouser” (Schaller, 1997, 124). Ishibashi had advocated Japan’s
diplomatic normalization with communist states and was particularly critical of American restrictions on Japan’s trade with Communist China. Ishibashi resigned as the prime minister in two months due to a brain infarction, but he visited China in September 1959 despite the then Prime Minister Kishi’s objection. Kishi’s pro-alliance attitude was contrasted with these relatively neutralist attitudes of his predecessors.

Kishi was obviously pro-alliance compared with the leaders of opposition parties, who at the time still seemed to have some chance of taking power, and he was also pro-alliance relative to other leaders in the conservative groups. A telegram from the American Embassy in Tokyo to the State Department illustrates the American view of Kishi’s attitude toward the alliance.

Kishi has taken calculated domestic political risk in staking future [of] his govt on central thesis of cooperation with free nations, notably US and Asian countries. He has come out openly against Communism and neutralism and in favor of free world cooperation. Moreover he has explained and defended this policy before public as even Yoshida never did. (While Yoshida, Hatoyama, and Ishibashi govt's all considered relations with US as the basic factor in Japan's international policies, Japanese people as whole wanted greater independence from America. This explains to considerable extent popularity [of] Hatoyama's position for restoring relations with Soviets and also enthusiasm for Ishibashi who first pushed policy of expanding trade with Communist China.)

Kishi was “by far best leader in sight in terms of US objectives,” and if “he loses out, his successor [was] likely [to] be weaker or less cooperative, or both” (FRUS, 1955-57, vol.XXIII, 520). In the same telegram from Tokyo, Ambassador MacArthur II argued that it was “strongly in US interest to do whatever” appropriate to help Kishi and they “should be thinking about things” they “might do which would strengthen Kishi just as” they “have done with [West German Chancellor] Adenauer in last two elections” (ibid).

Another important Japanese leadership change is Hosokawa Morihiro’s premiership (1993-94), which came out of the end of the 38 years of the LDP rule. Although Hosokawa is one of Japanese conservative elites, the circumstances of his ascendance to power cast a doubt in the American minds on his attitude toward the alliance. Because the LDP consistently supported the U.S.-Japan alliance, Hosokawa’s position was considered inevitably more neutralist, relative to his predecessors. Although the Hosokawa government declared that it would not abandon the foreign and economic policies of the LDP, and although Green and Samuelsen (1994) are right in pointing out the continuity rather than changes from the LDP, there was uncertainty about the direction of the non-LDP government. American policy makers’ attention was mostly focused on trade talks rather than security issues at the time, but American experts on Japan and the Department of Defense were concerned about the future of the Japanese government’s security policy. Cronin and Green (1994) warned that the U.S.-Japan alliance was drifting, and as evidence they pointed to the so-called Higuchi report written by the advisory panel created by Hosokawa. The final version of Higuchi report emphasized close cooperation between the United States and Japan, but this was after some warnings from the American side and Japan’s Ministry of Foreign Affairs (Sotooka, Honda and Miura, 2001, 491-498; Akiyama, 2002, 44-56). 222

Japan did not change the course of its security policy under Hosokawa, but Hosokawa in fact wanted to reconsider Japanese security policy in accordance with the end of the Cold War. He wanted either a visible reduction in defense expenditures or

222 While the report was written, Japan’s prime minister changed from Hosokawa to Hata Tsutomu to Murayama Tomiichi.
some other defense policy that symbolized the end of the Cold War (Tanaka, 1997, 325; Akiyama, 2002, 31-34). Four years after his premiership ended, he advocated the withdrawal of U.S. troops from Japan in the journal *Foreign Affairs*, although he did not argue that the alliance should be dissolved (Hosokawa, 1998). Questioning the utility of American military presence in Japan is a taboo for the mainstream Japanese political leaders. The United States, therefore, would not have been unreasonable in viewing him as a neutralist leader, especially given that alternative Japanese leaders were more pro-alliance.

**Vulnerability of Japanese Leaders**

No individual leader in Japan was invulnerable during the history of the alliance, although the LDP as a group seemed invulnerable for a long time. Since Japan regained its sovereignty in 1952 and until the current government of Hatoyama Yukio (grandson of Hatoyama Ichiro), there have been 45 cabinets and 27 prime ministers. American occupation transformed the Japanese polity to a democracy, and although the LDP was dominant in much of the postwar period in Japan, the intra-party competition was sufficiently active to make every leader vulnerable to political challenge. Economic concessions by the United States affected the power of Japanese leaders when Japanese economy was still weak, but the economic vulnerability gradually faded away. Ties with the United States were important in non-economic fields as well, and the support of the United States was important political capital, especially in early postwar years. American

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223 For instance, in February 2009, Ozawa Ichiro, then the head of Democratic Party of Japan, was severely criticized of his remark that the U.S. 7th fleet would be sufficient for American military presence in Far East.
policy makers were particularly sensitive to the vulnerability of Japanese leaders in the 1950s, because the opposition parties still seemed to present a neutralist alternative to the pro-alliance policy of the conservative elites.

Although the U.S. government saw in Kishi a strong leader who can unite the conservative groups and implement unpopular but necessary policy for the United States, Kishi’s political power was limited by his lack of popularity. Kishi was a competent bureaucrat and power broker, but he never had as much appeal to the general public as Hatoyama Ichiro did. Because of his association with Tojo and the Pacific War, Kishi was regarded by many in the leftist groups and the press as a reactionary, who was trying to push Japan back into the road of militarism. In fact, so many Japanese opposed the 1960 treaty despite changes favorable to Japan, only because it was advocated by Kishi. American policy makers knew Kishi’s lack of popularity but saw it as a necessary price for a responsible leader: Kishi’s position, according to Ambassador MacArthur, had no “popular appeal and therefore leaves him open to attack from those elements, not only Socialist, neutralists, and Communists, but also some conservative circles who desire looser association with US and closer ties with Asia including Communist China” (FRUS, 1955-57, vol. XXIII, 519). The leftist opposition at the time still had a strong appeal to the Japanese public, and Kishi was a very controversial political figure, who needed tacit but firm support of the United States. Within the LDP, Kishi’s position was initially strong but gradually weakened. The competition within the party was so strong that Kishi’s opponents attempted to stall the revision of the treaty under Kishi (Hara, 1991; Schaller, 1997; Sarantakes, 1999). Many questions about the strategic issues of the new
treaty were raised by the LDP members, but their motivation was mostly political—to keep Kishi from achieving the revision of the treaty, which was a major goal of the party. Since Kishi could not lose support of his own party in the face of the leftist opposition to the treaty revision, his power within the LDP was fairly limited during the negotiation process of the new treaty. In the process of ratification, some American Senators objected to the unilateral concessions to Japan in the new treaty, but the volatile situation in Japan made it difficult for the United States to do anything that could further undermine Kishi’s position.\footnote{Interestingly, some American leaders also thought of using domestic opposition as a bargaining leverage. Albert Gore Sr. told the Secretary of State as follows: “I raised the question as to timing of ratification because I thought it might possibly be helpful to have a little show of critical questioning, if not possible opposition. If that would be helpful to play this little game out a little bit, I will be glad to cooperate. If it would be helpful for a show of unanimity I shall not raise a question further” (quoted in Sarantakes, 1999). “Treaty of Mutual Cooperation and Security with Japan,” June 7, 1960, Executive Sessions of the Senate Foreign Relations Committee (Historical Series) vol. 12, Eighty-Sixth Congress, Second Session, 1960. (Washington, 1960).} State Secretary Christian Herter’s following explanation to skeptics in the Senate illustrates the effect of a pro-alliance leader’s vulnerability:

If we are not in a position to exchange ratifications fairly shortly, the pressures building up in Japan for a dissolution of the Diet to regularize the present abnormal political situation may force Prime Minister Kishi to resign and dissolve the Diet before the exchange takes place. In this event, the position of those in Japan who favor close ties with the United States, whom we believe to be at the present time a substantial majority of the Japanese people, would be considerably weakened during the election campaign and thereafter. If the Japanese conservatives are able to enter the election campaign without the treaty an accomplished fact, this should create conservative unity behind a policy of close cooperation with the United States and help maintain the dominance in Japan of conservative, pro-Western elements whose position has been shaken by recent events. On the other hand, if the United States does not act promptly this could be interpreted in Japan as a lack of confidence in the future of the U.S.-Japanese partnership. It could also lead to pressures in Japan for reviewing the treaty with the goal of altering the provisions of the treaty in a manner which
will satisfy certain Communist-inspired demands.²²⁵

Because Kishi’s tactics in the Diet fueled the anger of the public, American policy makers became critical of Kishi in his last days, but the U.S. government clearly made many concessions to save Kishi. After Kishi was forced to resign, another pro-alliance leader, Ikeda Hayato took power. Shortly before the transition, Ambassador MacArthur commented in a telegram that Ikeda was by far the best successor to Kishi from the viewpoint of U.S. interest because he believed staunchly in Japanese-American partnership and was “militantly anti-Communist.” (FRUS, 1958-60, vol. XVIII, 377).

When the LDP fell from power more than three decades later, Japan was no longer vulnerable to socialist influence or neutralist sentiment, but its leader Hosokawa’s position was shaky at best. The source of Hosokawa’s vulnerability was not attributable to the public’s opposition to him or the alliance but to the unstable political balance that put him in the office of prime minister. The Hosokawa government was a coalition of eight political parties, whose only common goal was to defeat the LDP. Although the LDP lost the majority of the House of Representatives, it still had the plurality. The largest group in the coalition was the Socialist Party, which at the time had not abandoned its traditional security policy. Coordination within the coalition was inevitably difficult, and Hosokawa’s power was not expected to last long. Hosokawa resigned in 9 months because of a financial scandal, but the short life of the Hosokawa government was somewhat inevitable given the discord within the coalition; Hata Tsutomu, who

²²⁵ Quoted in Sarantakes (1999). Herter to Johnson, June 20, 1960, Foreign Relations-Japan Folder, Box 770, Senate File, LBJ Archive, LBJL.
succeeded Hosokawa, was in the office for only 64 days, and then the LDP returned to power by forming a coalition with the Socialist Party and New Party Sakigake.

**Effects of Japanese Domestic Politics**

Let us examine the long term trend before looking at the effects of the more short-term changes described above. In general, the profitability of the alliance has steadily declined for Japan. Because of increased state resources, it became more and more difficult for Japan to refuse demands from the United States. Lack of state resources does not necessarily make the public more critical of alliances per se, but it creates stronger opposition against concessions to allies. There was a significant change in the intra-alliance bargaining power during the Nixon administration, and it was not just the consequence of the new international alignment precipitated by Nixon’s China policy. In the aftermath of the 1960 crisis, pressuring the pro-alliance government in Japan for concessions was not a serious option for the U.S. government. For military and strategic reasons, President Kennedy took a generous economic policy toward Japan to increase the latter’s dependence on the United States. Although the Japanese economy was rapidly growing, President Johnson had to continue the policy because he needed the support of the Asian ally for the Vietnam War. In the late 1960s, the Japanese public was critical of the alliance, and in a poll, only 20 percent wanted to continue the alliance, which could be terminated after 1970 (Schaller, 1997, 194-195). By the time Nixon took power, however, Japan’s bargaining power based on domestic politics had decreased considerably. The memory of the 1960 crisis faded away, and the support for the alliance increased after Nixon began withdrawing troops from Vietnam. On the American side,
the burden of the Vietnam War caused lack of state resources and created opposition against concessions to allies. It was time for American allies to start paying more if they wanted to keep good relations with the United States. The United States began using security policy as leverage to gain economic concessions from the allies (Schaller, 1997; Stone, 1999). Since 1978—after President Carter’s attempt to withdraw U.S. troops from South Korea—the Japanese government has been paying additional host nation support beyond what is required in the Status of Forces Agreement and has been the largest foreign contributor to the U.S. military in the world (Calder, 2007). Japan still benefits from the alliance but its military and economic contribution, relative to the benefit, is much higher than what it used to be; without effective opposition against concessions to an ally, the Japanese government can and do concede more to the United States.

In addition to the long-term trend, the profitability of the alliance for Japan varied in accordance with the attitude and the vulnerability of the leaders and opposition to the alliance. Since its inception in 1951, the U.S.-Japan alliance treaty has had only one significant revision, and it is no coincidence that the change took place during Kishi’s premiership. Because the original 1951 treaty was negotiated under the American occupation, the bargaining power of Japan at the time was very limited, and many provisions of the treaty were unequal. The United States was granted the exclusive basing rights in Japan without being obligated to defend Japan. There was no institution for consultation between the two governments where Japan could voice its opinion. The United States was even allowed to intervene in domestic disturbances of Japan. Because the treaty had no specified life time or termination clause, the inequality that symbolized
the loss of Japan’s sovereignty was to perpetuate as long as the United States liked.  
Prime Minister Yoshida Shigeru (1946-47, 1948-1954), who negotiated the alliance treaty and the peace treaty, thought that the loss of sovereignty was a price Japan had to pay for its dependence on the United States, but the revision of the treaty became a major goal for Japanese political leaders. Prime Minister Hatoyama Ichiro sent his foreign minister Shigemitsu Mamoru to Washington in 1955 to propose the revision of the treaty, but the American side flatly rejected the request. The U.S. government became willing to negotiate the revision only with the rising opposition to the alliance in Japan and the premiership of Kishi, a more pro-alliance leader who needed American support. Compared with the 1951 treaty, the United States made many concessions and received few in return in the 1960 treaty and the supplementary agreements. To name some of the major changes, the United States was now obligated to defend Japan; a consultation clause was added, and the U.S. freedom of using the military bases and introducing nuclear weapons to Japanese soil was limited; the domestic disturbance clause was deleted; the Administrative Agreement was revised to the Status Of Forces Agreement (SOFA), which followed the more equal standard of the North Atlantic Treaty Organization; the duration of the treaty was set to be 10 years, after which either side could terminate the treaty with one year’s notice. As one senator complained, the treaty was “a one-way street” where the United States gave much and gained “practically nothing” that they did not already have.\(^\text{226}\)

In contrast to Kishi’s case, the vulnerability of the Hosokawa government was

\(^{226}\) Quoted in Sarantakes (1999).
not something the United States had to worry; Americans had little incentive to help Hosokawa out given that he seemed more neutralist than other Japanese leaders. In Hosokawa’s case, the low bargaining power predicted by my theory is not so visible and the effect of his premiership seems to be better seen in the changes after he left the office. This, I argue, is because of the already low bargaining position of Japan, where Hosokawa succeeded the LDP government. Japanese prime ministers changed quite frequently, but the LDP as a pro-alliance group became almost invulnerable, as no serious opposition or alternative to the status quo was present in Japan for long time. Therefore, the bargaining power of Japan did not change much, as the leadership transferred from the invulnerable pro-alliance group to the vulnerable and relatively neutralist Hosokawa government. No significant change took place in the alliance’s defense policy, although economic frictions between the allies exacerbated. The Clinton administration took an aggressive stance toward Japan in their trade talks. Deputy Treasury Secretary Roger Altman declared that the United States would “wait until hell freezes over” for the Japanese to accept U.S. demands (Bhagwati, 1994, 7). The U.S.-Japan relations in defense and economic fields did not show visible improvements until Prime Minister Hashimoto Ryutaro (1996-1998), with whom the LDP regained the office of prime minister. The frictions over trade finally subsided, and the 1996 U.S.-Japan Joint Declaration on Security marked the end of the drift of the alliance. Admittedly, the improved U.S.-Japan relations were also attributable to international factors such as the changes in the structure of the international economy, the rising threat of China, and lessons from the first North Korean nuclear crisis, but domestic variables also played an
important role. Hashimoto was clearly a pro-alliance leader, the LDP was more vulnerable than during the Cold War, and domestic opposition to the alliance has increased over the problems of American bases in Okinawa. In September 1995, the Japanese public’s long dormant anti-Americanism was galvanized by an incident in Okinawa, where a twelve-year old girl was raped by three U.S. Marines. The United States initially did not give the custody of the men to the Japanese authority, and this led to the criticisms of the Status of Forces Agreement (SOFA) and the presence of U.S. military bases in Okinawa. The incident forced the restructuring of American bases in Okinawa, which is still ongoing.

The change from the LDP government (pro-alliance, invulnerable, little opposition) to the Hosokawa government (neutralist, vulnerable, little opposition) did not have much impact on the alliance, because the Japanese side in both cases had weak bargaining power for different reasons. Hosokawa’s premiership, however, had important effects on Japan’s bargaining power in later periods by making the LDP look more pro-alliance and more vulnerable. Developments during the Hashimoto government also suggest the importance of domestic opposition to the bargaining power of a state. Table 5.2 summarizes the foregoing analysis of the U.S.-Japan alliance.
Table 5.2. Domestic Variables and Bargaining Power of Japan

<table>
<thead>
<tr>
<th>Opposition</th>
<th>Hatoyama/ Ishibashi</th>
<th>Kishi</th>
<th>LDP after Kishi</th>
<th>Hosokawa (non-LDP)</th>
<th>Hashimoto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutralist</td>
<td>Moderate</td>
<td>Strong Pro-alliance</td>
<td>Weak Pro-alliance</td>
<td>Weak Neutralist</td>
<td>Moderate Pro-alliance</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Weak</td>
<td>Strong</td>
<td>Weak</td>
<td>Weak</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

Finally, I do not expect a radical change in the U.S.-Japan alliance in the coming years despite the landslide victory of the Democratic Party of Japan (DPJ) in the general election of 2009. Without some special event that galvanizes anti-Americanism in Japan (e.g., base-related incidents), Japanese public’s opposition to the alliance will continue to be negligible, and the DPJ will have little incentive to take a neutralist stance. According to American and Japanese mass media, Japanese conservatives and American government officials have raised concerns about the foreign policy orientation of the new government headed by the DPJ leader Hatoyama Yukio. These media accounts emphasized Hatoyama’s criticism of American-led globalization and his call for a closer relationship with Asia, but these are neither consistent nor prominent features of his foreign policy. Hatoyama Yukio and other leaders of the DPJ are fundamentally pro-alliance, though slightly neutralist relative to the LDP leaders, and there is less uncertainty about a non-LDP Japanese government than the time of the Hosokawa government. The members of the DPJ, like those of the LDP, vary significantly in their views on foreign policy, and the

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227 See, for example, Landler and Fackler (2009) and Reinolds and Fujioka (2009), and post-election articles published by Japanese major newspapers such as Asahi, Yomiuri, Mainichi, and Sankei.
party does not have a consensus strong enough to alter the status quo of the Japanese foreign policy radically. The Social Democratic Party’s presence in the coalition will not significantly push the DPJ’s policy to the left, given that the DPJ has 308 of 480 seats in the House of Representative. Unlike in the early days of the Cold War, there is not a stark contrast between the opposing political groups of Japan about alliance policy, and the effects of government turnover are likely to be limited.

**U.S.-South Korea Alliance**

**South Korean Domestic Opposition to the U.S.-ROK Alliance**

For a long time, there was no effective opposition to the alliance in South Korea. South Korea has been a pro-American and anti-Communist state because of the memory of the Korean War and its dependence on American military protection. Moreover, any anti-alliance or neutralist element in the society was severely suppressed by the successive authoritarian regimes, under which anti-Americanism was denounced as being “an act of subversion” (Lee, 2005, 94). We can consider South Korean political system to be non-democratic from the establishment of the republic in 1948 to 1987. Although elections were regularly held under the authoritarian governments, political freedom was limited, and dictators—both civilian and military—arbitrarily revised the constitution for political convenience.

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228 The DPJ formed a coalition with the Social Democratic Party and People’s New Party mostly for management of the House of Councillors.
229 Presidents Rhee Syng-man and Park Chung-hee sometimes encouraged anti-American demonstrations when they served their interests, but the protests were issue-specific and never meant to hurt South Korea’s security relationship with the United States (Hong, 1999; Oberdorfer, 2002).
230 For the modern history of South Korea and its democratization, see, for example, Diamond and Shin (2000); Oberdorfer (2002); and Kil and Moon (2001). For the effects of democratization on the alliance, see Lee (2007).
There are two turning points for the domestic opposition to the alliance—democratization in the late 1980s, and the anti-Americanism of the 2000s. In the late 1980s, anti-Americanism became active along with the liberalization of political process in South Korea, and South Korean domestic opposition gained political significance for the first time in the history of the alliance.\textsuperscript{231} In the early 1980s, there was an increasing resentment of the United States among the South Korean public, most importantly because they identified the United States with the military junta of their country. The assassination of President Park Chung-hee in 1979 raised the hope of democratization after 18 years of Park’s dictatorship, but military officers led by Chun Doo-hwan quickly took power through a coup d’etat within the military. Protests against the military takeover were severely suppressed, and hundreds were killed in the city of Gwanju. Although the U.S. government did not support Chun’s actions and merely faced the fait accompli, the South Korean public held it responsible for the coup d’etat and Gwangju massacre, because the U.S. government had the operational control of the two countries’ militaries in Korea, and because President Ronald Reagan took a friendly approach toward Chun, giving him a warm White House reception and legitimating his rule.\textsuperscript{232} Criticism of the United States became radical among student groups, and they even set fire to the U.S. Cultural Center in Gwangju in December 1980 and to the U.S. Cultural Center in Busan in 1982.\textsuperscript{233} As the democratization movement gathered broader and

\textsuperscript{231} For an analysis of anti-Americanism in Korea from various perspectives, see David Steinberg’s edited volume (2005).
\textsuperscript{232} The U.S. pressure, however, saved the life of Kim Dae-jung, the opposition leader who later became president. The U.S. government saved Kim’s life during Park Chun-hee’s regime too.
\textsuperscript{233} “Thereafter, further acts of violence perpetrated by Korean students against U.S. interests included another seizure of the U.S. Cultural Center in Seoul (February 1988), a home-made bomb thrown into the
broader support among the public, anti-Americanism also became less and less of a taboo. After the transition to a democratically elected government in 1987, the liberalized political environment further opened up the possibility for opposition against the U.S.-South Korea alliance.

Another turning point for the opposition to the alliance came in the early 2000s. The inter-Korean summit meeting between President Kim Dae-jung and North Korean leader Kim Jong-il in 2000 transformed South Korean public’s perception of North Korea, which had been gradually changing since the 1990s. The threat of North Korea in the minds of South Koreans deflated to the lowest level in history. Meanwhile, however, the U.S. policy toward North Korea became hard-line as President George W. Bush departed from the Clinton administration’s engagement policy. South Korea and the United States had different priorities—the former pursuing the national reconciliation and the latter nuclear nonproliferation—and the gap of their threat perception led to a serious friction within the alliance. The already strained relationship was further exacerbated in 2002 by an accident in which two 14 year old Korean girls were killed by a U.S. Army’s armored vehicle. As the two U.S. solders responsible for the accident were acquitted by the American military court, large anti-American demonstrations were organized across South Korea, and the opposition to the U.S. military’s presence in Korea gathered an unprecedentedly wide support among the general public.

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U.S. Embassy in Seoul by seven students (May 1988), a firebomb thrown into a KorAm Bank branch office (May 26, 1988), another firebomb incident at a U.S. military residential area in Hannam-dong (November 1988), and occupation of the U.S. ambassador's living room by six students (October 6, 1989). The media provided detailed coverage of these incidents, which created quite a shock among Korean society overall” (Lee, 2004).
In addition to these political developments, economic and demographic changes also strengthened the support base for anti-Americanism—a trend that continues today. Because of the rapid economic growth of South Korea, the United States has become less generous toward the ally in economic matters, and American pressures to open the South Korean market have strained the bilateral relationship. Meanwhile, the increased economic power led to higher self-confidence on the part of South Korean people, and the national pride fueled anti-Americanism. South Korea’s younger generations have a strong national pride, and they do not have the memory of the traumatic Korean War (1950-53). The so-called 386 generation, who led the democratization movement in the 1980s and have now acquired important positions in South Korean society, were born in the 1960s. The worldview of the younger generation is significantly different from the older generation, who has admired and relied on the United States for military and economic support since the time of the Korean War. It is only natural that domestic opposition to the U.S.-South Korea alliance increased as the generational change proceeded.

**Attitude of South Korean Leaders**

The most visible change in this variable came with the election of President Roh Moo-hyun (2003-2008), but let us first review the other leaders’ attitudes. Since South Korea has been heavily dependent on the United States to deter North Korea, South

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234 According to a report of the U.S. Congressional Research Service, however, the “intensity of the disputes has diminished considerably since the late 1980s and early 1990s, in part because South Korea has enacted a set of sweeping market-oriented reforms as a quid pro quo for receiving a $58 billion package from the International Monetary Fund (IMF) following the near collapse of the South Korean economy in 1997” (Manyin, 2006, 2).
Korean leaders are even more pro-alliance than Japanese leaders. There has been virtually no South Korean political leader who opposes the alliance since its inception.\footnote{In Japan, the leftist opposition at times had approximately one third of the Diet seats, and their neutralist alternative presented a serious threat to the U.S. policy makers.} Because what matters in my theory is the attitude of a leader relative to others, however, there is a meaningful variation even among the pro-alliance leaders in the absolute terms.

Presidents Rhee Syng-man (1948-60) and Park Chung-hee (1963-1979, in power from 1961), were not neutralist in any traditional sense, but neither were they pro-alliance in my framework.\footnote{After Rhee was ousted as the result of protests and riots in April 1960, there was a brief period of parliamentary democracy, before Park took power by coup d'etat in May 1961. The U.S. government considered the Prime Minister Chang Myon “to be a good man who wants to work with the Americans” (FRUS, 1958-1960, Vol. XVIII, 691).} Despite South Korea’s dependence on the United States, both dictators took a firm attitude toward the United States and were rather “neutralist” relative to alternative leaders, given that South Korean leaders were all pro-alliance in the absolute sense.\footnote{Rhee and Park, however, were able to stand firm against the United States exactly because there was no serious alternative to them.} Rhee’s obstinacy, especially in the process of the armistice talks for the Korean War, tempted American policy makers to remove him forcefully (“Operation Everready”), although the plan was never implemented.\footnote{For Rhee’s bargaining style with the United States, see Suhrke (1973) and Hong (1999).} Park Chung-hee, who took power by a military coup about a year after Rhee was ousted by protesters, was not a cooperative partner for the United States either. The discord between Park and U.S. President Jimmy Carter is well known because of the latter’s emphasis on human rights and his attempt to withdraw U.S. troops from Korea, but Park never really had a good relationship with any U.S. administration. The distrust between Park and Americans is suggested by the fact that U.S. intelligence in the 1960s installed listening devices in
Park’s presidential office—and Park took countermeasures against them (Oberdorfer, 2002, 33). In reaction to the Nixon Doctrine, which in Korea led to the withdrawal of the 20,000 U.S. troops of the Seventh division, Park began a secret nuclear weapons program and gave it up only after strong pressures from the United States (ibid, 68-74). Park also infuriated Washington by his attempt to bribe U.S. policy makers (ibid, 50-51).

Compared with Rhee and Park, the successive South Korean leaders after them (Chun Doo-hwan, Roh Tae-woo, Kim Yong-Sam, and Kim Dae-jung) seem more pro-alliance and cooperative. President Kim Dae-jung (1998-2003) is the first South Korean top leader whose political basis was not in conservative and pro-alliance groups. Kim Dae-jung had support from the traditional opposition groups with leftist inclinations, who later became the support base for his successor, Roh Moo-hyun. Kim, however, was an extremely experienced and pragmatic politician and also had a very strong personal tie with the United States, which repeatedly saved his life and harbored him during his years as a political dissident. Kim was therefore a pro-American and pro-alliance leader, although his policy toward North Korea was significantly different from the U.S. government after President George W. Bush was sworn in.239

Roh Moo-hyun’s presidency (2003-2008) was a result of the generational change in South Korean society, and his electoral victory in December 2002 is often attributed to his pro-North Korean and anti-American attitude. With the support from the younger generation and the rising anti-Americanism after the accident in 2002 that killed two

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239 Kim Dae-jung also had personal connections in Japan from the time of his political exile. The relationships between South Korea and Japan, which are often acrimonious, were very good during Kim’s presidency.
school girls, Roh defeated Lee Hoi-chang, the pro-alliance and conservative candidate. Whether or not Roh was actually anti-American, he was perceived to be one by both the Americans and South Korean conservatives. In addition to continuing Kim Dae-jung’s conciliatory policy toward North Korea, Roh Moo-hyun pursued many policies that seem dangerously neutralist in the eyes of pro-alliance groups. Roh’s request for renegotiation of the Status of Forces Agreement (SOFA) was not so controversial, but many criticized his policy to increase South Korean autonomy in the alliance (Bechtol, 2005, 2006). Roh expressed his desire that the wartime operational control be returned to South Korea, a move that the South Korean military establishment feared would decrease the deterrence and war-fighting capability of the alliance. In a speech on March 22, 2005, Roh also presented a controversial strategic view, in which South Korea plays the role of a “balancer” in Northeast Asia (Pastreich, 2005; Kim, 2005). In the new regional order he envisioned, Roh said, Korea would “calculate and cooperate if need be, and move forward with its proper authority and responsibility.” Given the history of the U.S.-South Korea alliance, his statement sounded shockingly neutralist, although it is unlikely that Roh meant the traditional meaning of the term, balancer. Roh Moo-hyun symbolized the changes in South Korean society in recent decades and his policy reflected the growing desire of South Korean public for autonomy from the United States.

Roh’s foreign policy initiatives, however, were mostly unsuccessful. Although Roh held the second inter-Korean summit meeting with Kim Jong-il in 2007, the meeting

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240 Most scholarly critiques of Roh’s policy, especially those in English, are from the perspective of pro-alliance groups. For a critique from a leftist perspective, see Cheong (2005).
did not have as much impact as the first one. In December 2007, Lee Myung-bak, a conservative and pro-American candidate, won the election. Lee is widely considered to be pro-alliance and takes a tougher stance against North Korea.

**Vulnerability of South Korean Leaders**

Before the democratization in the late 1980s, South Korean top leaders had enormous power, even compared with the still strong power of presidents in democratic South Korea. Successive dictators (Rhee Syngman, 1948-1960; Park Chung-hee, 1961-1979, Chun Doo-hwan, 1980-1987) eliminated political oppositions, and they all looked invulnerable until shortly before their rule ended. I argue that the vulnerability of South Korean leaders increased as a result of democratization. On one hand, a president’s office is guaranteed for the term of five years. On the other hand, however, a president in democratic South Korea cannot be reelected and has only one term. Unlike in the authoritarian period, a democratic president’s power is constrained by the National Assembly, the unicameral legislature of the country. A president can quickly lose political power even within the five year term, and support from an ally is an important source of political capital.

While the most visible change in the vulnerability of South Korean leaders was brought about by the democratization of the country, and while there is a common tendency for democratic Korean presidents to lose power as their terms approach the end, Roh Moo-hyun’s presidency was unique in terms of its vulnerability as well. Roh inherited from Kim Dae-jung the National Assembly where the president’s party was in

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242 As far as their personal security is concerned, however, they were not really in a safe position. There have been assassination attempts, both by North Korean agents and South Koreans (Oberdorfer, 2002).
the minority. Kim Dae-jung was a skilled politician and managed the opposition well, especially while his “Sunshine Policy” toward North Korea seemed to be working well and accepted by the United States and Japan. Roh, on the other hand, was not so skilled in his dealing with the conservative opposition, and he was “notorious for…using frank but inappropriate words” (Kim, 2008). Roh also faced tougher scrutiny on his foreign policy as the euphoria of the 2000 inter-Korean summit subsided and the domestic and foreign audiences began to question the progress of the conciliatory policy toward North Korea. Roh’s relationship with the conservative opposition quickly deteriorated, and in March 2004, the National Assembly voted to impeach Roh for minor electoral violations. This move backfired, and Roh’s low popularity temporarily rose. In the election in April 2004, Roh’s ruling party gained the majority of the National Assembly, and the Constitutional Court dismissed the impeachment in May 2004. Support for Roh, however, quickly decreased after the reinstatement, and his ruling party also suffered electoral losses. Roh’s popularity became so low that he attempted to form a grand coalition with the conservative opposition, but this plan also failed. Overall, filled with political controversies, Roh’s presidency was fragile and his vulnerability was high.

The political polarization that hurt Roh is also limiting the power of the current president, Lee Myung-bak. A conservative candidate with an emphasis on pragmatic economic policy, Lee was expected to restore the strained relationships with the United States. However, large anti-government and anti-American demonstrations were organized because of the perception that he failed to negotiate hard over the safety issues of beef imports from the United States concerning Bovine Spongiform Encephalopathy
(BSE), commonly known as mad-cow disease. Lee’s popularity is low also because he has not met the expectation of the public about his economic performance as he campaigned on the perception that he as a “CEO President” would recover the South Korean economy.

**Effects of South Korean Domestic Politics**

As in Japan’s case, the long-term trend is for South Korea to gain voice and lose profitability in the alliance. With respect to voice, South Korea has gradually gained a more equal position in the alliance. After the 1953 armistice, the United Nations Command, which was headed by an American general, had the operational control of the two countries’ militaries. In 1978, the Combined Forces Command (CFC) was created, and South Korean officers began to participate in the command. South Korea regained the peacetime operational control of its military in 1994, and the process of returning the wartime operational control is expected to complete by 2012. It should be noted, however, that the increased voice does not mean more profits for South Korea, because South Korea incurred larger burden as its responsibility broadened.

Meanwhile, the profitability of the alliance has been declining for South Korea in the long term. Working as a surrogate for domestic opposition, lack of state resources gave South Korea a credible reason to demand concessions from the United States, but Korea’s economic growth gradually reduced this kind of bargaining leverage. South Korean economy has been much weaker than Japanese economy, and South Korea’s per-capita income surpassed that of North Korea only in the 1970s. The per-capita income level of South Korea was roughly equal to that of Ghana in 1957 and lower than that of...
the Philippines in 1960 (Werlin, 1991). Since South Korea was at the front line of the Cold War and the country genuinely needed aid from the United States, South Korea was able to gain considerable concessions from the United States; it received $7 billion of military aid between 1945 and 1979 and $5.5 billion of economic aid between 1945 and 1973 (Leonard, 2006, 102). Economic and military aid from the United States played crucial roles in the country’s reconstruction after the Korean War and its defense against North Korea, but the amount of aid steadily declined as South Korean economy grew. South Korea experienced a rapid economic growth based on an export-oriented development strategy, joined the Organization for Economic Cooperation and Development (OECD) in 1996, and became the 13th (according to the World Bank) or 14th (according to the International Monetary Fund) largest economy in the world as of 2007. As early as in the mid-1960s, the United States began to phase out its aid program to South Korea, although loans and other forms of economic concessions (e.g., opening the U.S. market to South Korean products) continued.243 Starting in the 1970s, when the American commitment to East Asia seemed to be declining, South Korea began to make economic contributions to the alliance. South Korea first provided host nation support in kind for U.S. forces in Korea, such as the 1974 storage and maintenance of war stockpiles program (Calder, 2007, 150). It also began official host nation support in 1979, although the amount of monetary contribution was not much until the 1990s.244 By the late 1990s, South Korea became one of the top providers of host nation support, rivaling Germany

244 See Pagliano (1991); Easley (2006); and Reports on Allied Contributions to the Common Defense published by the U.S. Department of Defense.
The profitability of the alliance has been declining for South Korea in terms of U.S. military contribution as well. The number of American troops in South Korea can be considered to be a concession from the United States, because U.S. forces in Korea have been almost exclusively for defense and deterrence against North Korea, and South Koreans wanted the troops to stay in the country, unlike in the Japanese or Spanish case. Every South Korean top leader except Roh Moo-hyun opposed the reduction of American troop presence, but the number of U.S. forces stationed in Korea has been steadily declining as South Korea’s military capability improved and as the United States’ strategic priority shifted (Oberdorfer, 2002; Levkowitz, 2008). At the end of the Korean War in 1953, there were more than 320,000 American soldiers in Korea, but by April 2008, the number reduced to 28,500. The following figure shows that the troop level has a downward trend with some fluctuations.
In addition to the number of troops, the United States has also reduced its commitment by relocating its troops away from the demilitarized zone in the early 1970s and in the early 2000s.

Now, aside from the long-term trend, what impact did South Korean domestic politics have on the U.S.-South Korea alliance? Since the 1953 Mutual Defense Treaty has never been revised, we need to look at other arrangements between the allies. In addition to the shifts in economic and military contributions of the allies discussed above,

\[\text{Figure 5.4. U.S. Troops Stationed in Korea}^{245}\]

\[\text{Data compiled by Tim Kane at the Heritage Foundation: (http://www.heritage.org/Research/NationalSecurity/troopMarch2005.xls)}.\]
the revisions of the Status Of Forces Agreement (SOFA) reflect the changes of the two states’ bargaining power. The SOFA in South Korea was signed in 1966 after years of bitter negotiations. From the South Korean point of view, the agreement granted too many privileges to the U.S. military, including their use of land and facilities without constraints and America’s exclusive jurisdiction over its soldiers in South Korea. Despite South Korean public’s dissatisfaction, the agreement was not revised until after the democratization, reflecting the absence of effective domestic opposition to the alliance in the authoritarian period. The SOFA was revised for the first time in 1991, and another revision took place in 2001. In these revisions, South Korea obtained concessions from the United States concerning issues such as the criminal and civil jurisdiction over American soldiers and the prevention of pollution in facilities granted to the United States.

The increased domestic opposition to the alliance created bargaining leverage for the South Korean government, but ironically, President Roh Moo-hyun, who represented the neutralist sentiment of the South Korean public, was not able to capitalize on the advantage. As the accident that killed two girls in 2002 infuriated the South Korean public at the implementation of the SOFA, Roh requested its further revision, but the United States was not responsive. In fact, despite Roh’s inclination, his presidency was characterized by South Korea’s concessions to the United States. The discord between Roh and President Bush was widely publicized,\(^\text{246}\) but its effect was fairly asymmetric in that the United States gained much and conceded little during the Roh administration. A

\(^{246}\) As the Economist put it, the two leaders were at best “awkward bedfellows” http://www.economist.com/world/asia/displaystory.cfm?story_id=7887978. Also see Bechtol (2005).
former White House official of the Bush administration “hailed President Roh as having contributed more to the alliance than pro-American former president Chun Doo-hwan or Roh Tae-woo” (Kim, 2008). Roh sent South Korean troops to Iraq despite severe criticism from his own support base, and the 3600 Korean soldiers made the third largest contribution to the coalition force after the United States and the United Kingdom. Given the already strained relationship between the Bush administration and his, Roh had to make the decision, which he later said was a historical error. If South Korea did not send troops, Roh said in an interview, “Americans could have felt betrayed,” and “Korea’s commitment to the United States is just a reality Korea should accept” (Yoon, 2007). Roh accommodated many other American demands, including troop reduction, redeployment, and the concept of strategic flexibility for U.S. forces in Korea. Despite opposition from his own support base, Roh signed a free trade agreement with the United States, arguing that the agreement would strengthen the security as well as economic cooperation between the allies. The transfer of the wartime operational control of the South Korean military began under Roh’s presidency, but it was actually a welcome development for the United States. Unlike in the early years of the alliance, the United States no longer worries about South Korea’s adventurism against North Korea, and the transfer of wartime operational control would help reduce the burden of the United States. South Korea, on the other hand, will bear a much larger cost in the alliance and will have a weakened American commitment to its defense. In sum, the neutralist president, despite his anti-American image, conceded much to the United States and gained little in return.
When Lee Myung-bak became president in 2008, his most important foreign policy agenda was the restoration of the alliance. His pro-alliance policy, however, did not resonate well with the South Korean public. His soft stance on the beef import from the United States angered the South Korean public, who felt that the president prioritized his relationship with the United States over their safety. Given that Lee’s power is moderately limited and vulnerable, my theory predicts that Lee’s bargaining power vis-à-vis the United States will be strong, unless his power becomes extremely weak and does not warrant political investment of the United States. Table 3 summarizes the major points of the U.S.-South Korean case.

Table 5.3. Domestic Variables and Bargaining Power of South Korea

<table>
<thead>
<tr>
<th>South Korea</th>
<th>Rhee/Park</th>
<th>Chun</th>
<th>Democratic presidents</th>
<th>Roh Moo-hyun</th>
<th>Lee Myung-bak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opposition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude</td>
<td>Weak</td>
<td>Moderate Pro-alliance</td>
<td>Moderate Pro-alliance</td>
<td>Strong Neutralist</td>
<td>Strong Pro-alliance</td>
</tr>
<tr>
<td>Vulnerability</td>
<td>Low</td>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td>Bargaining power</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Weak</td>
<td>Expected to be High</td>
</tr>
</tbody>
</table>

**U.S.-Spain Alliance**

**Spanish Domestic Opposition to the U.S.-Spain Alliance**

The alliance was one of the most important policies of the Spanish dictator

247 For the U.S.-Spain bilateral relationships, see Cortada (1980); Rubottom and Murphy (1984); and Botero (2001) in addition to the works cited below.
Francisco Franco (in power between 1939-1975), and opposition to the alliance was not viable as long as Franco was alive. The Alliance Treaty Obligations and Provisions (ATOP) dataset codes the U.S.-Spain alliance from 1963, but the bilateral security relations began in 1953 with the so-called Pact of Madrid, which was essentially an exchange of economic and military assistance from the United States and military bases for American use. The base agreement gave Franco political legitimacy at home and abroad as well as economic and military assistance his regime desperately needed. Although Franco’s Spain remained neutral during the World War II, the postwar world’s public opinion was hostile to the dictator, whose regime was established with the assistance from the Axis Powers. Therefore, in the 1953 agreement, Franco’s “greatest single gain consisted in the mere fact that the agreement had been signed” (Whitaker, 1961, 43). As an analyst put it in 1953, Spain had gone “from United Nations outcast to United States partner.”

There were two major groups who opposed the formation of the bilateral security relationships between Spain and the United States. On the right end of the political spectrum was the conservative Catholic group, who “protested against bartering the ‘Catholic conscience’ of Spain for ‘heretical dollars,’” and Arthur Preston Whitaker argues that Franco appeased this group by completing the negotiation of a concordat with the Vatican in August 1953, a month before the signing of the Pact of Madrid (1961, 41). The other group, leftist relative to the Franco government, had a much wider support base and played more important roles later in the alliance, but they were suppressed under

248 Quoted in Chislett (2005a, 17).
Franco’s regime and did not present a challenge to the alliance. In fact, this group opposed the alliance mostly because the American tie legitimized and strengthened Franco’s rule. The U.S. government did not give support to the political opposition for the fear of jeopardizing their use of military bases in Spain, and anti-American sentiments grew among the Spanish public.249

After Franco’s death in November 1975, the liberalization of Spain’s political environment made it possible for the public to openly challenge the alliance, although advocates of democratization carefully proceeded with the transition to democracy.250 At the mass level, the opposition to the alliance came in the form of demands for more equal standing in the alliance, reduced American military presence, and opposition to joining the North Atlantic Treaty Organization.251 From the very beginning of the alliance, Franco had unsuccessfully attempted to join NATO (and later demanded treatment on equal terms with America’s NATO allies); ironically, now that Franco, the largest obstacle in the way of Spain’s entry, was gone, the Spanish public was not eager to join the multilateral alliance led by the United States. While the Spanish public desired to join European Economic Community (EEC) and appreciated the benefits of the U.S.-Spain bilateral alliance, they were skeptical about the further integration of Spain into the Western defense structure.252 At the elite level, democratization made possible for Spanish civilian elites to take a more critical stance toward the United States. During

250 On Spain’s democratization, see, for example, Carr and Fusi (1979); Preston (1986); Share (1986); Gunther, Montero, and Botella (2004); Tusell (2007).
251 Stanton (1993) examines the politicization of the NATO membership issue and how the indifferent Spanish public turned against it.
252 On Spain’ entry into NATO, see Gil and Tulchin (1988).
Franco’s rule, the efforts of Spanish negotiators to improve the terms of the alliance were repeatedly obstructed by the Spanish military. Even though Spanish diplomats represented their country in the negotiations with the United States, they often found Spain’s bargaining chips thrown away by its military officers, who had special interests in the alliance. Because the Spanish military “were anxious not to loosen the contact with their only source of materiel and technical expertise,” American negotiators often bypassed Spanish negotiators and made deals with powerful figures of the Spanish military such as Admiral Carrero Blanco and Captain General Muñoz Grandes. (Viñas, 2003, 12). With the end of the military dictatorship, therefore, intra-regime criticism of the alliance gained voice, and Spanish negotiators were placed in a better position to address perceived inequalities in the alliance.

**Attitude of Spanish Leaders**

Franco epitomizes a pro-alliance leader in that he had a disproportionately high utility for cooperation in the alliance compared with other Spaniards. Although Spain had a neutralist tradition in its foreign policy, Franco was clearly anti-communist, and more importantly, the alliance served his personal interest by strengthening his regime’s political, economic and military foundation. Moreover, once the United States chose to ally with Franco, alternative leaders of Spain became anti-alliance by definition in a sense. As Angel Viñas points out, the U.S.-Spain alliance deterred not just external enemies but also Franco’s internal enemies, and Americans knew this effect of the alliance (2003, 4). 253 When neutralist sentiments arose within the regime, Franco and his conservative

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253 Spain had minor external threats to its colonies in North Africa, but Americans clearly refused to
clique removed neutralist elites for the interest of the alliance. For instance, Spanish Foreign Minister Fernando Maria Castiella (1957-1969) was a successful diplomat, but he was dismissed from the office after American negotiators and Spanish conservatives began to worry about his anti-American and neutralist foreign policy (Pollack, 1987, 49; Viñas, 2003, 10-11). Since the pro-alliance attitude of Franco’s clique was convenient for American strategic planners, the stance of the U.S. government toward the opposition became distant despite the otherwise pro-democratic inclination of American foreign policy. Even in December 1975, one month after Franco died, Secretary of State Henry Kissinger was not enthusiastic about the prospect of Spanish democratization: in his conversation with Spanish Foreign Minister Jose Maria de Areilza, Kissinger said that “the ability to compromise of Spanish individuals is not…what made Spain great,” and he did not expect pluralism to come tomorrow in Spain. Stating that one of the worst mistakes Americans ever made was to encourage the opening to the left in Italy, Kissinger assured the Spanish Foreign Minister that the U.S. government would not pressure Spain to democratize.

Considering the historical tie between the Spanish dictatorship and the United States, it was natural for the Spanish opposition to be critical of the United States when they finally took power in 1982 after the transition years from the Franco government. As Prime Minister Felipe Gonzalez Marquez stated in a speech during his visit to the

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254 When an ally was heavily dependent on the United States for security and had little to offer in return, the United States could take a critical stance toward the ally’s domestic policy, as in the case of South Korea. The United States did not pressure Franco concerning his domestic policy, because Spain was not so dependent on the United States and Spanish bases were valuable strategic assets for the United States.

255 “Memorandum of Conversation” 01852 1975/12/16, from Declassified Documents Reference System.
United States in 1985, “those defeated in the civil war and the democratic opposition in general…have viewed [the alliance as]…American support for the dictatorship and a blow for the hopes of a rapid democratic restoration in Spain.”  Although the Spanish Socialist Workers' Party (PSOE) did not abrogate the alliance, they demanded a more equal standing in the alliance and less American military presence in Spain. The socialists also opposed Spain’s membership in NATO and pledged to put the issue on a national referendum—though they later changed their stance and supported the continued membership in NATO for the sake of Spain’s integration into the European Community (Stanton, 1993). Thus, Spain’s win-set in the intra-alliance bargaining visibly shrank under the socialist government. During the Felipe Gonzalez’s visit in 1985, Secretary of State George Schultz threatened that the United States would leave Spain if the troops were not welcome there. Gonzalez replied that that was not what he wanted, but unlike his predecessors, he was ready to start discussing the exit if the United States wished to leave (Viñas, 2003, 19). In sum, the attitude of Spanish leaders changed from extreme pro-alliance to somewhat neutralist as the former leftist opposition took power. Spanish leaders became more pro-alliance when conservative People’s Party (PP) took power in 1996, but the leadership shifted to a more neutralist line again when PSOE won the election in 2004, as seen in the subsequent withdrawal of the Spanish troops from Iraq.

**Vulnerability of Spanish Leaders**

I emphasized Franco’s dependence on the United States in the previous two sections, but he was still a relatively invulnerable leader. Although Franco’s Spain had a

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256 Quoted in Viñas (2003, 19).
pariah status after the World War II, the Allied Powers did not have sufficient incentives to invade it because Spain stayed neutral during the war. As the tension of the Cold War intensified, and as the United States broke the isolation of Spain by signing the Pact of Madrid, Franco’s power base became secure. Until the very end of his life, Franco’s hold on power was strong and no rivals could challenge him.

The conservative leaders who succeeded Franco were much more vulnerable. Transition to democracy gave real power to the opposition groups, and there was deep uncertainty about the future direction of the regime. Factional fighting had been going on in Franco’s final years within the conservative camp, and after his death, there was no consensus among the ruling elites on the transition to democracy. As Franco himself arranged, the Spanish monarchy was restored and King Juan Carlos became the head of state, but the king did not attempt to maintain the authoritarian regime because he understood that his legitimacy could be derived only from helping the country’s transition to democracy.257 Moderate reformists eventually prevailed over reactionaries within the regime, but the power balance was precarious throughout the transition period, as evidenced by the failed coup d'état on February 23, 1981 and another attempt shortly before the general election of October 1982, though the latter was preempted in its planning stage. In the legislature, the Union of the Democratic Center (UCD), which represented the moderate conservatives, never obtained the majority and had to work with other leftist and rightist parties.

In contrast, Felipe Gonzalez, the socialist prime minister, was a relatively

257 On the role of King Juan Carlos in the transition, see Bernecker (1998).
invulnerable leader within the democratic political structure of new Spain. The Spanish Socialist Workers’ Party (PSOE), illegal between 1939 and 1977, won a landslide victory in the 1982 general election and occupied 202 of 350 seats in the lower house of the Spanish legislature. Felipe Gonzalez pushed the PSOE in a more centrist direction and widened the party’s support base. Consequently, he was invulnerable within the party as well, and no rivals challenged his position. He led the government from 1982 to 1996 and remains the longest-serving prime minister in the democratic Spain. Although the vote for the PSOE was the highest in 1982 (48.4%) and declined in the following elections (44.1% in 1986, 39.9% in 1989, 38.7% in 1993, 37.5% in 1996), the party still kept the majority of the seats until 1993.

Prime Minister Jose Maria Aznar (1996-2004) succeeded Felipe Gonzalez in 1996, as his conservative People’s Party (PP) formed a minority government with support from regional parties. Aznar was clearly more pro-U.S. than Gonzalez, but he initially “worked within the framework of the bipartisan consensus with the Socialist Party” (Iglesias-Cavicchioli. 2007, 4). His position was strengthened in the 2000 election, when the PP obtained an absolute majority (183 seats) of the lower house. In the second term, Aznar adopted a very strong pro-American foreign policy, supporting the Iraq War despite the overwhelming domestic opposition (90% in 2003) against the invasion (Chislett, 2005b). Aznar’s support of the Bush administration was unpopular, and the

\footnote{While the domestic perspective of this chapter explains the timing of Aznar’s policy change, the systemic theory of Chapter 3 illuminates the reasoning behind Aznar’s pro-U.S. attitude: “Aznar shares Bush’s unipolar vision of the world,” and he “decided to give an absolute priority to the bilateral relationship with the U.S.” (Iglesias-Cavicchioli. 2007, 3). With the conceptual explanation of entrapment given in Chapter 4, Aznar’s Spain was entangled into Iraq War, but it was not really an entrapment if “Aznar…thought of the Iraqi crisis as a unique opportunity to improve Spain’s relationship with the U.S. to}
voters were further angered by his attempt to blame the Basque terrorists for the 2004 Madrid bombings by Islamic terrorists. In the general election held three days after the bombings, the PSOE won the election (164 seats against PP’s 148), and its leader Jose Luis Rodriguez Zapatero became prime minister. Zapatero won again in 2008 (169 seats against 154 of PP) and retained the office of prime minister. Overall, no leaders in democratic Spain seem to be as invulnerable as Franco or Felipe Gonzalez.

**Effects of Spanish Domestic Politics**

Again, the long-term trend is increased voice and reduced profitability for Spain, especially in economic terms, although democratization increased Spain’s bargaining power and profitability in security affairs. Democratization activated domestic opposition to the alliance, but economic growth weakened the most credible source of opposition to concessions, lack of resources. At the time of the 1953 base agreement, Spain was simply a provider of military bases, and the United States did not acknowledge any other formal relations between them. In the process of the successive renewals of the base agreement, Spain gradually acquired the status of a U.S. ally (ATOP codes the alliance from 1963), and the bilateral relationship was institutionalized and widened to cover issues other than the provision of military bases. As Spain’s voice in the alliance increased, the consultation mechanism of the alliance was strengthened, and the United States took Spanish demands more seriously. In terms of economic profitability, Spain received from the United States $500 million of military aid in grant form between 1954 and 1961 and $1.238 billion in the form of loans ($727 million) and grants ($511 million) the highest possible level” (ibid, 4).
between 1962 and 1982. Since 1983, the U.S. military aid has been in the form of sales under concessional credit terms, and even this military credit has faded away as the Spanish military became more self-sufficient. As a result of the growth of the Spanish economy, the Spanish negotiators became more critical of their country’s security arrangement but less insistent on demanding economic benefits from the alliance. Therefore, in the 1986-88 round of negotiations over the bilateral defense cooperation, the Spanish negotiators requested the reduction of U.S. military presence but accepted the termination of American military and economic aid that had accompanied the previous base agreements. In order to explain the critical changes in the alliance, let us now turn to the effects of the three domestic variables.

As Viñas (2003) points out, Spain’s intra-alliance bargaining power during the authoritarian period was weak because of Franco’s dependence on the United States, but the explanation can be misleading when applied to other cases, because a leader’s dependence on an ally can also increase his or her bargaining power as in the case of Kishi Nobusuke. Spain’s bargaining power was weak in the Franco era because there was no effective opposition against the alliance, and because Franco was an invulnerable pro-alliance leader. Since the opposition to the alliance did not come from either the public or Franco himself, and because the United States did not have to support the pro-alliance dictator for his survival, there was little need for the United States to make concessions to the ally. Although the United States did provide military aid to Spain during the Franco era, the amount was not much and far below what the Spanish

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negotiators asked for. Franco gave away many important concessions in security issues, and even in the most important issue for him (i.e., financial compensation for the bases), he always caved in when the United States took a firm stance.

Franco’s death immediately led to an improved bargaining position for Spain in the alliance. Spain’s leadership—whether it means King Juan Carlos or more anti-democratic Prime Minister Carlos Arias Navarro—was still pro-alliance, but they were far more vulnerable than the late dictator, and American negotiators also saw the shadow of opposition against the alliance. The United States, therefore, had an incentive to make concessions to Spain in order to consolidate the pro-alliance group’s hold on power in the transition period. This move was also consistent with a more idealistic motivation of many Americans to give support to Spain’s democratization. U.S. policy makers’ connections with the Spanish opposition groups were weak, and they accurately perceived the opposition groups to be more neutralist than the conservative elites (Chislett, 2005a, 2005b). Thus, it made sense for the United States to make the bilateral relationship more formalized and strong in the anticipation of future shocks to the alliance. The United States gave treaty status to its ties with Spain for the first time in the bilateral security relationships and provided Spain with the highest level of security guarantee in their history.260 Since the United States in the past negotiations always referred to Franco as the obstacle to Senate approval, one could alternatively argue that this development was a natural result of Spain’s democratization. The treaty status of the 1976 agreement, however, was not a foregone conclusion even a month after Franco died.

260 The United States also accepted the Spanish request that U.S. submarines equipped with Poseidon missiles be withdrawn from the naval base in Rota, Spain.
In his conversation with State Secretary Henry Kissinger on December 16, 1975, Spanish Foreign Minister Jose Maria Areilza requested that the agreement be given a status of treaty. Kissinger replied that he was sympathetic but was concerned that it might make a precedent for other base agreements. Diplomatic documents on the process of American decision making on the 1976 agreement are still largely unavailable, but it seems warranted that the Spanish foreign minister’s following reasoning was at least partially shared by American policy makers: if they “could show a Treaty, the connection with the Atlantic, and money, it would help counter all things the Communist Party is saying.”

The evaluation of the 1982 base agreement is somewhat mixed. Although there were improvements from the negotiations in the authoritarian period, and although some “institutional arrangements for the U.S. forces in Spain found a preliminary solution based on the models applied within” NATO, Viñas argues that the terms of the agreement were largely in favor of the United States (Viñas, 2003). Most importantly, the United States was able to keep its military presence in Spain intact. Two somewhat contradictory explanations are possible from the theoretical framework of this chapter. On one hand, one could argue that the uncertainty of the transition period had declined by then and the United States had fewer reasons to prop up the pro-alliance government led by the UCD. The reduced vulnerability of the pro-alliance leadership (more specifically, the reduced uncertainty about the future of the alliance) led to the lower bargaining power for the Spanish government. On the other hand, however, one could also argue that the Spanish government’s bargaining power was weak because the UCD government was too

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261 Viñas briefly mentions that the Ford administration had agreed with the Congress to submit the agreement to the Senate for domestic reasons, but he does not explain what these reasons are (2003, 17).
vulnerable and expected to end soon. As noted earlier, an ally has an incentive to support a vulnerable pro-alliance leader but not one who is likely to lose power soon regardless of the ally’s support. Before the 1982 election, the conservative camp was divided, and the PSOE led all the public opinion polls.\textsuperscript{262} The 1982 agreement was signed in July, only three months before the general election in which the PSOE won an overwhelming majority. It is therefore also plausible that the United States did not want to waste its political capital in its negotiation with the UCD government. In addition to these two possible explanations, the United States also had less need for the UCD government to stay in power because the Spanish legislature had approved Spain’s membership in NATO—which the U.S. government had long supported—in December 1981 and Spain had been an official member of NATO since May 1982. Given that the leftist oppositions within the parliament and the majority of the public were against Spain’s membership in NATO (Mujal-León, 1983, 105), the United States needed to save its political capital for future negotiations.

In the 1986-88 round of negotiations, “the climate in which the bilateral relationship was developing had undergone a fundamental change,” and “the Spanish negotiating position was…very strong” (Viñas, 2003, 20). The socialist opposition had taken power in 1982, shortly after the base agreement between the UCD government and the United States was signed. The Spanish public opinion was still critical of Spain’s NATO membership and American military presence. A poll by El País in May 1985 showed that a substantial majority still opposed Spain’s continued membership in NATO,

\textsuperscript{262} The \textit{New York Times}, August 28, 1982, Section 1; Page 3, Column 5.
and 64% disagreed with the view that “the United States was a true and loyal friend of Spain” (Pollack, 1987, 153). In the same month, President Ronald Reagan’s visit to Spain met huge demonstrations against him. With a comfortable majority in the legislature and support of the public opinion, Felipe Gonzalez was able to confront the United States from a position of strength. Although the PSOE government had changed their policy and supported Spain’s membership in NATO in the 1986 referendum, the socialist government pushed the United States hard in the negotiations for the 1988 agreement: “Ultimately, Spain’s manifest determination to invoke its sovereign rights – which included a threat to end the base agreement entirely if satisfactory terms could not be reached – forced the U.S. side to give up far more than it had hoped” (Basora, 2009, 93). Spain did not join NATO’s integrated military command; nuclear weapons continued to be banned from the Spanish soil; Spanish control on the American use of the bases was strengthened; a gradual reduction of the American military presence was agreed—reducing the U.S. military presence by 40% (cf. Viñas, 2003, 18-21; Chislett, 2005a, 31-32). As a result of the increased Spanish bargaining power, “[t]he enshrined imbalances, dependence, and trends toward a lack of proper supervision of U.S. activities in Spain were transformed into a well-balanced compact of duties, rights and responsibilities strictly respecting the full sovereignty of both parties” (Viñas, 2003, 21). The 1988 agreement “laid the foundations of a more balanced relationship and no longer made Spain a kind of vassal of the United States” (Chislett, 2005a, 32). The provisions (and implementation) of the base agreements continued to experience minor changes, but
they were not as significant as those discussed above. Table 4 summarizes the main points of the U.S.-Spanish case.

Table 5.4. Domestic Variables and Bargaining Power of Spain

<table>
<thead>
<tr>
<th>Spain</th>
<th>Franco Attitude</th>
<th>Post-Franco conservatives</th>
<th>Felipe Gonzalez</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opposition</td>
<td>Weak Pro-alliance</td>
<td>Moderate Pro-alliance</td>
<td>Moderate Neutralist</td>
</tr>
<tr>
<td>Vulnerability</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Bargaining</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

CONCLUSION

In this chapter, I explained the effects of three domestic variables on the intra-alliance bargaining with the case studies of America’s alliances with Japan, South Korea, and Spain. As previous literature noted, the presence of effective domestic opposition to cooperation (i.e., alliance) increases a state’s bargaining power vis-à-vis its negotiation partner (Schelling, 1960; Putnam, 1988; Evans, Jacobson and Putnam, 1993).

Democratization had distinct effects on South Korean and Spanish bargaining power by activating opposition to their alliances with the United States. However, domestic

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263 The subsequent events also conform to my theory. The pro-alliance Aznar government (1996-2004) made concessions to the United States in its search for a special relationship with the United States. In addition to reinforcing Spain’s integration into the NATO and strengthening the U.S.-Spain bilateral relationship (as opposed to the socialists’ advocacy of Europeanization), the conservative government offered the enlargement of the Rota Naval Station and the use of Moron Air base during the review of the 1988 agreement in 2002 (Cantalapiedra, 2009, 5-6). The position of strength given to Aznar in the 2000 election made it possible for the conservative government to make these concessions and to support the unpopular Iraq War.
opposition, much less regime types alone, does not provide us with satisfactory explanations on the variations of intra-alliance bargaining. This chapter increased the explanatory power of domestic politics by additionally taking account of a leader’s attitude and vulnerability. By emphasizing the interaction effect of the two variables, I explained why a leader matters in intra-alliance bargaining and why looking at one of the variables alone can be misleading. A leader’s attitude alone cannot predict the reactions of the ally. Kishi’s pro-alliance attitude served him well, but that of the subsequent LDP leaders or Franco reduced their bargaining power. The neutralist attitude of Felipe Gonzalez brought rewards to Spain, but that of Roh Moo-hyun backfired. Likewise, the vulnerability of a leader does not have a uniform effect. While some leaders such as Roh Moo-hyun, Hatoyama Ichiro and Hosokawa Morihiro suffered from their vulnerability, others such as Kishi and post-Franco Spanish conservatives benefited from their shaky positions. When a leader seems vulnerable, a pro-alliance attitude increases (and a neutralist attitude reduces) his or her bargaining power, because the ally has an incentive to support the pro-alliance leader (and remove the neutralist leader) by manipulating its concessions. In contrast, when a leader seems invulnerable, the ally is less generous toward a pro-alliance leader and accepts a tough stance of a neutralist leader. When a leader is extremely vulnerable, the ally would not support even a pro-alliance leader, but this is consistent with my theory, because the ally does not gain from making concessions to a leader whom it will not face in future interactions.

This chapter also demonstrated that a state tends to receive less benefit from its alliance as its state resources increase, even though its voice in the alliance tends to grow
with its capability. While my analysis of the three domestic variables reveals complex effects of domestic politics on international bargaining, my findings about the trade-off between voice and profitability caution us against assuming a simple relationship between the capability and the bargaining power of a state. When we look at the long-term trends from the American perspective, the alliances have become more profitable to the United States while the superpower has lost the enormous voice it used to have in the early decades of the alliances. This chapter did not analyze American domestic politics to avoid complicating the argument, but the American side of the stories would be pertinent to the study of certain periods when economic hardships made the American public more critical toward U.S. commitments abroad (e.g., Nixon era).

Policy implications of my argument are clear; certain combinations of the domestic variables enhance the profitability of an alliance to a state. Policy makers as well as those who select them should carefully consider the effects of domestic opposition to an alliance, the attitude of a leader, and his or her vulnerability. It should be noted, however, that an aggressive pursuit of profit hurts the foundations of an alliance, which cannot be sustained without mutual benefits. Even if one could manipulate the domestic variables without losing control of the sub-national actors, one still risks the erosion of its alliance by pursuing high profitability, because the win-set of the ally fluctuates as international variables and the ally’s domestic politics change. For long-term national interest, therefore, it would be prudent to keep the profitability of an alliance not too high and have sufficient voice in the management of the alliance.

Theoretically, my analysis in this chapter should be applicable to other
international bargaining situations as well. We simply need to look at domestic opposition and leaders’ attitudes toward a different kind of international cooperation. My theory, however, will work well only when it is applied to relations that are expected to continue for a sufficiently long period—for instance, trade partnerships between economically interdependent states. In other contexts such as arms control negotiations and crisis bargaining between adversaries, the applicability would be limited because the actors have strong uncertainty about the continuation of the bargaining in future.

Within alliance literature, my theory brings a new angle to research on the effects of domestic politics on alliance management (e.g., Gaubatz, 1996; Bennett, 1997; Reed, 1997; Narizny, 2003a, 2003b; Gartzke and Gleditsch, 2004). For instance, my theory provides alternative explanations to the finding of Leeds, Mattes and Vogel (2009) that a state is more likely to end its alliance in violation of the terms when a leader with a different supporting coalition comes to power but the effect is mitigated in democratic regimes. Leeds et al. argue that democratic leaders have stronger constraints against changing the course of foreign policy or are more careful in making commitments, or both. While these explanations are plausible, we could also explain the finding with the framework presented in this chapter. When the societal coalition of the leadership changes in non-democracies, domestic opposition to an alliance suppressed under the previous leader is likely to surface and can drastically shrink the win-set of the new leader. Because domestic opposition to an alliance is tolerated in democracies and even

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264 We can focus on opposition to trade, and the differences between leaders who advocate free trade and those who are more protectionist.
reflected in alliance policy, such a deterioration of alliance relationships is less likely in political transitions within democratic regimes. Moreover, because the public is not likely to elect a leader whose alliance policy is radically different from that of the society at large, democracies are less likely to have extreme shifts in alliance policy than non-democracies. While Leeds et al. emphasize the careful screening of alliance commitments by democratic leaders, democratic publics also screen their leaders according to the latter’s attitude toward alliances; for instance, a leader who proposes to dissolve the alliance with the United States has little chance of getting elected in Japan or South Korea. Further exploration of the effects of the three independent variables is warranted within and without alliance literature.

Finally, at least two future research agendas are left for the theoretical framework presented in this chapter. First, I assume in this chapter that domestic politics of the United States did not have strong impact on the intra-alliance bargaining of the three alliances. For my cases, simultaneously accounting for domestic politics of two states will hurt more than it will help the analysis (the number of cells in Table 1 will increase from 8 to 64), but the benefit of a more complicated model might exceed the cost for other cases. Second, I assume in this chapter that actors do not discount the future benefits from an alliance too much—a reasonable assumption for my cases. In other cases, however, the assumption may not hold for one or both of the negotiating parties. What matters to a leader may be the benefit he or she receives from the ally during his or her time in power rather than what the leader’s state would gain in the future. Then, the strategic calculation about making concessions would be much more
complicated as the future benefits get discounted by the leader and as the ally interact with the leader with its own discount rate. In sum, there are a great many ways in which domestic politics can affect intra-alliance bargaining.
Chapter 6: CONCLUSION

Market Theory of Alliances

By developing a market theory of military alliances, this dissertation explained how the transactions between military allies had evolved, with a special focus on America’s relationships with Japan, South Korea, and Spain. As explained in the first chapter, the theory of the alliance market is motivated by the inability of the existing theories to explain anomalous trends of alliances in the post-Cold War era.

Conceptualizing military alliances as contracts of exchange, my market theory explained why many Cold War alliances persist, why many alliances were formed after the Cold War despite reduced military threats in many regions of the world, and why the United States is neither a member nor a target of these new alliances. Beyond the systemic analysis, I extended the theory to the contractual aspects of the alliance market, where I examined how states design alliance agreements to cope with risks associated with alliances, and to the domestic level, where I demonstrated the effects of domestic variables on intra-alliance bargaining.

The three aspects of the alliance market are better analyzed separately, but they are all connected by the common theme of this dissertation—that is, alliances are contracts of exchange with which actors pursue their self-interests. As previous works...
indicate (Boulding, 1958, 330; Waltz, 1979), the systemic-level analysis of international relations has a natural affinity with the market approach, but the other two aspects are also an integral part of the alliance market. Contractual aspects of alliance agreements are important because of the special nature of the alliance market that makes the expected cost of opportunism high, and the effects of domestic politics have to be considered because we have good reason to believe that sub-national actors participate in intra-alliance bargaining with their own agendas. As partially demonstrated in Chapters 3, 4, and 5, factors from the three aspects interact with one another. Systemic factors (e.g., distribution of capabilities, supply and demand for security) affect conditionality of alliance agreements as shown in Chapter 4, and they also have a significant impact on domestic politics of alliance members. Contents of alliance contracts affect the benefits and risks of alliance agreements, thereby influencing how leaders and the publics see the alliances (Chapters 4 and 5) and reinforcing or mitigating the effects of systemic variables. Domestic political variables affect intra-alliance bargaining and the contents of alliance contracts (Chapters 4 and 5), and domestic politics also have limited effects on systemic factors, because systemic shifts of capabilities and threat often derive from domestic politics. Thus, this dissertation made a step toward bridging different levels of analysis and subfields of international relations research.

**Theoretical Implications**

265 For a macrohistorical study on war and state development, see Tilly (1990). Gibler and Wolford (2006) explain the effects of military alliances on democratization of alliance members, and Gibler (2007) argues that removal of territorial issues between neighbors causes both peace and democracy.

266 Neoclassical realists have advanced our knowledge on the interaction of domestic politics and international security (Rose, 1998, Schweller, 2003).
By developing a market theory of military alliances, this dissertation provided us with a theoretical tool with which we can analyze different fields of international relations. Scholars have studied the effects of alliances on trade (e.g., Gowa and Mansfield, 1993, 2004; Gowa, 1994; Mansfield and Bronson, 1997; Long, 2003) and of trade on alliances (e.g., Papayoanou, 1999; Powers, 2004; Long and Leeds, 2006; Davis, 2009), but this study advances the field by developing a new conceptual definition for alliances, thereby opening a possibility of theoretical integration between studies of alliances and trade. With appropriate qualifications, economic theories can be applied to issues of international security, and vice versa. Charles Lipson once wrote that there were “few equivalents in the security field to the comprehensive, rule-guided arrangements in trade and money,” but he made an exception for alliances (Lipson, 1984, 12). The field of international security focuses on conflict rather than cooperation, but unlike many other subjects in the field, alliances are primarily about cooperation and amenable to a market approach, which is about mutual cooperation based on self-interest.

With the market approach, my theory at the systemic level casts a new light on the issue of polarity, which has been recently drawing increasing attention because of uncertainty about the systemic property of the current unipolar system (Ikenberry, Mastanduno and Wohlforth, 2009). Our analysis of unipolarity is inevitably influenced by our experience in the “current” and “American” unipolarity (Jervis, 2009), just as our analysis of multipolarity was colored by the European history of balance of power and as bipolarity was studied in the context of the U.S.-Soviet Cold War. By treating polarity as the number of security-suppliers, however, my market theory developed a deductive
model. Deductive analysis is especially fit for unipolarity, which is historically novel, and our analysis of bipolarity and multipolarity also should not be exclusively based on the past experience. For instance, the systemic model in Chapter 3 made it clear that our understanding of bipolarity was crucially affected by the neorealist assumption that two superpowers never collude with each other in a bipolar system. If we have a bipolar system with two friendly superpowers in the future, we can modify the assumption and still use the systemic model to analyze it. As Kenneth Waltz’s works (1964, 1979) were influenced by the actual bipolarity, our analysis of unipolarity will (and should) be affected by our experience of the unipolar world, but we still should make efforts to develop deductive theoretical models. The market approach also contributes a new perspective to alliance literature, which is currently too much focused on the demand for security (i.e. threats states face; Liska, 1968; Walt, 1987). As demonstrated in Chapter 3, we need to pay more attention to the supply of security and demand for non-security goods in alliance politics. Since the advancement of alliance literature in that direction will increase the scope of alliance theory even broader than it currently is, it will have an impact on the entire field of international relations.

My theory is not about just any market. It is about a market of repeated exchanges, and contracts play an integral role in this market. From the realist view that emphasizes anarchy of international relations (e.g., Waltz, 1979; Mearsheimer, 1994), contracts may appear to be antithetical to international relations, especially in the field of international security. The field of security studies is structured around the question of

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267 According to this traditional view, alliances “are against, and only derivatively for, someone or something” (Liska, 1968, 12).
war, which could suddenly end cooperation between states and make it difficult to withstand betrayal and recover the loss in future. Alliances, however, are about continuous cooperation because their benefits can be reaped only with multiple interactions between allies, even in the cases of temporary wartime alliances. States form alliance contracts in order to address the problems of opportunism that derive from the temporal gap between allies’ payments and asymmetric information, and also to cope with the uncertainty of the future. Chapter 4 amply demonstrates that alliance contracts have real consequences in international politics despite the absence of government and third-party enforcement in the international system. It also illustrated the strategic incompleteness in some of the alliance agreements. Economists have worked on self-enforcing contracts (e.g., Telser, 1980; Baker, Gibbons and Murphy, 2002) and incomplete contracts (e.g., Grossman and Hart, 1986; Hart and Moore 1988; Hart, 1995) for some time now, and my findings suggest that military alliances provide them with a fertile ground for developing contract theory.

Within international relations research, my theory on the contractual aspects of alliances is probably most relevant to the literature on the rational design of international institutions (Koremenos, Lipson and Snidal, 2001). As this dissertation focused on intra-alliance bargaining, however, it not only illustrated the efficiency-based logic of institutions (cf. Stein, 1982; Axelrod, 1984; Keohane, 1984; Oye, 1985) but also the power-based logic behind their designs (cf. Krasner, 1991; Gruber, 2000). By examining the evolution of alliance agreements and the shift of intra-alliance bargaining power, the dissertation explained the close connection among institutional designs, bargaining
power, and renegotiations of international agreements. Chapter 4 most directly dealt with the conceptual problems of entrapment, and now we have an analytical tool that makes possible empirical research on a phenomenon that previously did not have explicit criteria for observation. By advancing the research on entrapment and entanglement, we can have a better understanding of risks associated with military alliances and how states cope with them. Before the advent of the ATOP dataset (Leeds, Ritter, Mitchell and Long, 2002), alliance literature did not sufficiently differentiate contents of military alliances, and there were many debates over the relationships between alliances and war (e.g., Siverson and King, 1979; Levy, 1981; Smith, 1995). Now that we know that contents of alliance agreements actually make significant differences, we should engage in research that explains not whether but how certain alliance agreements prevent military conflicts. On this point, a careful research is warranted on the Russo-Georgian alliance, which, with the two countries’ war in South Ossetia in 2008, broke the record of peace among military allies since the Russian invasion of Afghanistan in December 1979.268

At the domestic level, the market theory of alliances presented a new perspective on interstate negotiations. The role of domestic opposition has been studied extensively in the literature (e.g., Putnam, 1988; Evans, Jacobson and Putnam, 1993; Fearon, 1994; Schultz, 2001; Howell and Pevehouse, 2007), but I differentiated opposition to policy or issues from opposition against a leader. The interactive effects of a leader’s attitude and vulnerability on his or her bargaining power, to my knowledge, has never been analyzed in bargaining literature, and the theoretical framework can be productively applied to

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268 This is based on the ATOP dataset’s record for alliance termination due to a military conflict among allies, and the U.S. invasion of Grenada (1983) and Panama (1989-90) are not included.
many other bargaining situations with or without modifications of the assumptions stated in Chapter 5. By bringing in the attributes of the leadership, my theory expanded the explanatory power of domestic politics, and it is also more relevant to policy analysis than theories that focus on regime types of bargaining parties. As shown in Chapter 5, democracy is an important permissive cause for domestic opposition to a government and its policy, but we cannot solely rely on regime types for our analysis of domestic politics because there is much variation of domestic politics within the same regime type and also because regime types do not change often.

**Policy Implications**

The market theory of alliances predicts that military alliances will continue to play an important role in international relations as long as interstate relations and demands for military protection exist. Unless one of the conditions disappears, states will continue to obtain efficiency gains from alliances by adjusting the contents of exchanges and contracts in accordance with situations they face. Even in the current unipolar system, where the unipole has been using ad hoc coalitions in lieu of formal alliances, alliance politics is still active, and as Campbell (2004) points out, we should expect formal alliances to remain relevant. Since the distribution of military capabilities is likely to remain unipolar for the foreseeable future, and also because demands for military protection are not likely to diminish in the short term, the Obama administration will enjoy the advantage of being a unipolar power as the Clinton and the Bush administrations did. Unlike his predecessors, however, President Obama is facing a serious economic problem for which he needs the support (or economic goods in the
exchange model) of the traditional American allies—Western European states, Japan, South Korea, and others. Since the demand for economic goods is likely to increase, the bargaining power of the security supplier, the United States, will be more limited, and American unilateralism is likely to be moderated for the time being. If allies with substantial economic power (e.g., Japan, Germany) want American troops to stay in their territory, the transformation of American military bases abroad will come to a halt even if purely military calculation and technological advancement dictate otherwise. The systemic analysis presented in Chapter 3 is also useful to plan for the post-unipolar era or regional security at the sub-systemic level. For instance, Ross (1999) predicts the emergence of Sino-American bipolarity in East Asia, and the theory presented in Chapter 3 would predict increased bargaining power of America’s regional allies in such a scenario. Since there are many regional “poles” at the sub-systemic level, we could perhaps apply the logic of the systemic model to other regional systems such as some parts of Africa, although the application will not be useful when outside influence is strong.

Military allies are fighting against each other less and less, and alliance contracts also have restraining effects on allies’ military policy toward third-parties (Chapter 4; Schroeder, 1976; Weitsman, 2004; Pressman, 2008). Although changes in the contents of alliance agreements reflect rather than cause changes in international relations, contents of alliance agreements are not entirely epiphenomenal, because renegotiating an alliance agreement is costly (Gourevitch, 1999). Looking at the evolution of alliance agreements from 1815 to 2003, the nature of alliance agreements is becoming less offensive and less
militarized (Chapters 3 and 4; Leeds and Mattes, 2007), and we should continue the trend by refining military alliances as a tool for international security management. As a unipolar power, the United States has a particularly important role in this endeavor because, if it chooses to do so, it can use its bargaining advantage in the alliance market for the development of a peaceful alliance system. Americans can use their bargaining leverage for entrapping others, or they could use it for preventing entrapment of the United States and others. For American allies, it is imperative that they use the current economic crisis to create alliance contracts to reduce the risk of abandonment and entrapment by the United States. Although the contents of alliance agreements will be eventually renegotiated according to shifts in intra-alliance bargaining power, the texts of the contracts substantially affect the relationships between allies by mitigating the impact of international and domestic politics on alliance management.

For policy makers, day-to-day management of alliances is most affected by domestic politics of the allies. Chapter 5 explained that domestic political situations of American allies had important effects on intra-alliance bargaining despite the huge capability gap between the United States and its allies. It is unlikely that regime change will happen in Japan, South Korea, or Spain in the foreseeable future, but base-related issues (e.g., crimes by U.S. soldiers, environmental pollution) or controversial foreign policy (e.g., Vietnam War, Iraq War) can quickly arouse domestic opposition to the alliances, and such a shift in public opinion in turn can put a more neutralist leader in power. Provided that the United States wishes to keep its alliances, it will be better off making preemptive efforts to remove sources of frictions that turn the allies’ populace
against the alliances. Calder (2007), for instance, demonstrates that frictions over American military bases are limited when bases are located in less densely populated areas and when financial compensation and mediating institutions are available for the local population affected by the bases. American allies, of course, also need to pay attention to domestic politics of the United States, especially now that unipolarity is expected to decrease strategic constraints on the single superpower (Walt, 2009; Jervis, 2009). After all, the military rationale for retaining alliances has never been so weak for the United States, and American allies have to convince the American public that the goods they supply are valuable though different in nature from what the United States provides.

I hope that the research presented in this dissertation makes a contribution to the understanding of alliance politics and beneficial exchanges among alliance partners.


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