

Abstract

Japanese Defense Procurement System Reaching a Deadlock and Its Impact on the U.S.-Japan Relation: Comparative Institutional Analysis of the U.S. and Japanese Defense Industries

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The main purpose of this paper is to contribute to an understanding of the structural characteristics of the U.S. and Japanese defense industries after the end of cold war, employing the comparative institutional analysis in economics. The striking difference between the U.S. defense industry and Japanese counterpart is that the former has dynamic structure while the latter has static structure. This article examines the role taken by the U.S. and Japanese government in defense industrial policy respectively as one of the factors that influences the structural characteristics of the industries. It argues, based on this analysis, that the Japanese defense industrial base is on the brink, which is mainly caused by stable but archaic defense procurement system. It also examines an impact of this industrial suffering on the bilateral security relationship, trying to exploring the linkage between economic issue and security issue. This implies that the overall structure of the U.S.-Japan relationship to which Japan has made and will be able to make technological contributions through its defense industry is in danger.

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