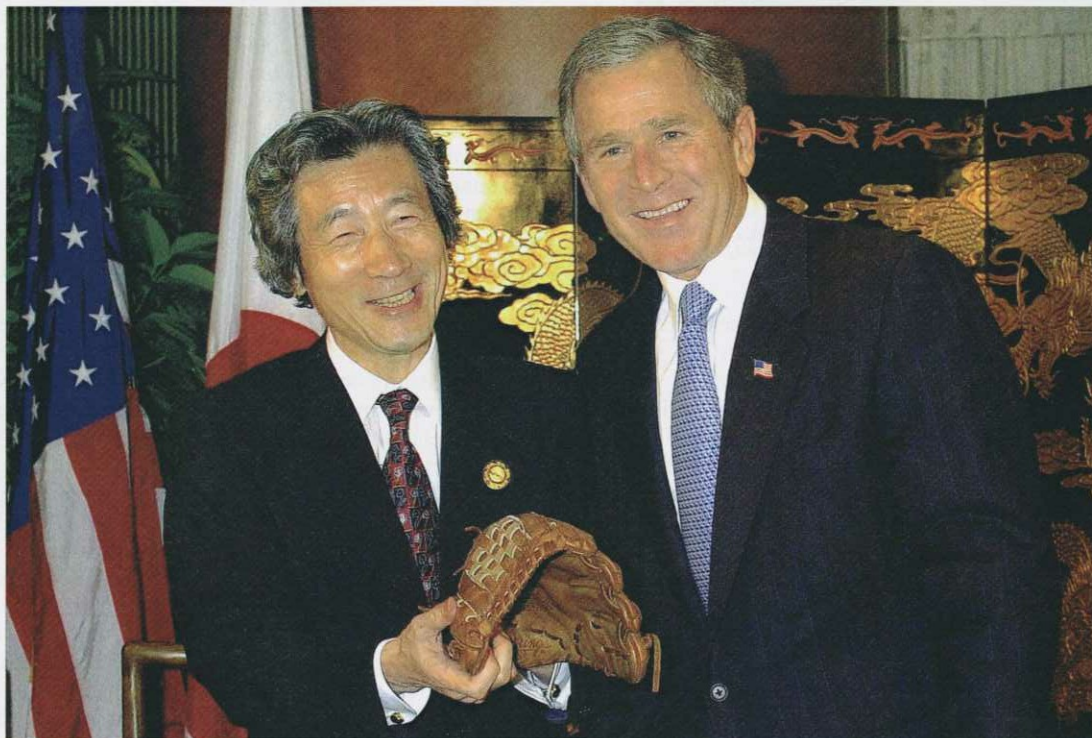


The Next Decade of U.S.-Japan Relations

By Glen S. Fukushima

Photo: THE YOMIURI SHIMBUN



President George W. Bush presents a baseball glove to Prime Minister Koizumi Jun-ichiro at a U.S.-Japan summit meeting

“The devil laughs at those who speak of next year.” This Japanese proverb can aptly be applied to the U.S.-Japan relationship, which has seen dramatic and unexpected changes in the 58 years since the end of World War II. But I have been asked to provide a look at the U.S.-Japan relationship over the next 10 years. I will do so, but with considerable humility, knowing full well that even the foremost experts have been wrong in their predictions of the course of the bilateral relationship.

From the end of the war through the 1960s, few Americans paid attention to Japan, since it was regarded as having little consequence for the United States or the world. But, beginning with the textile dispute in the late 1960s, a large

number of contentious bilateral trade issues emerged in quick succession through the 1970s and 1980s that attracted growing concern among Americans – including consumer electronics, steel, automobiles, automobile parts, machine tools, semiconductors, computers, supercomputers, beef, citrus, rice, tobacco, soda ash, flat glass, paper products, construction services, legal services, financial services, and telecommunications equipment and services.

In 1979, Professor Ezra Vogel of Harvard University published *Japan As Number One: Lessons for America*, and by the mid-1980s, many Americans viewed Japan as the most competitive economy in the world. When *Business*

Week conducted a public opinion poll in 1989 asking the American public, “Between the Soviet military threat and the Japanese economic challenge, which is a greater problem for the United States?” 68% responded, “Japan.” This was a time when reputable economists were predicting that Japan’s gross domestic product might surpass that of the United States by the year 2000.

Then, just as Japan’s star had risen meteorically in the 1970s and 1980s and had become vastly overrated, by the late 1990s its status had plummeted to such an extent that many Americans dismissed the idea that Japan would ever again recover. Witness the following observation by a former senior eco-

Photo: The Mainichi Newspapers



Former Minister for International Trade and Industry Tanaka Kakuei shaking hands with former U.S. presidential envoy David M. Kennedy after signing an interim memorandum on a U.S.-Japan textile agreement on Oct. 15, 1971

conomic official in the Clinton Administration when asked by a Japanese businessman in summer 2001 how Americans viewed Japan: "When I joined the Administration in 1993, most of us considered Japan to be a major economic rival. Now, I would say that most Americans look at Japan with a certain sense of pity."

What then are the prospects for the bilateral relationship over the next decade? Although the tone and nuance of the relationship may shift depending on the particular issues or particular personalities of the leadership of the two nations at a specific point in time, there are 18 general trends that can be discerned for the relationship over the next decade or so. Very briefly, they are as follows:

1. Maturity: U.S.-Japan relations are growing more mature, and will continue to do so, as the two sides have greater opportunities to interact with each other, analogous to the relationship between the United States and such Western European countries as Britain, France and Germany. This maturity in the relationship is also a consequence of globalization, which creates the environment that facilitates and even forces Americans and Japanese to interact more with each other, whether in government, politics, business, mass media, academia and the arts.

2. Equality: The postwar "economic

miracle" that propelled Japan to become the world's second largest economy continues to reduce the economic disparities between the two countries. Although on a macroeconomic level Japan has experienced stagnation since the bursting of the economic bubble in the early 1990s, on the microeconomic level the Japanese standard of living and lifestyles are closer now to those of the United States than at any time in the

postwar period.

In the political and security dimensions as well, Japan will continue to enhance its relative position over time. The single-minded pursuit of economic growth that dominated Japanese thinking in the 1950s through 1980s is now shifting to concerns about Japan's political and security role in the East Asian region and in the global community. This is partly a consequence of Japan's economic maturity as well as of generational change, where positions of leadership are gradually being handed over to those who grew up after Japan's recovery from the ashes of World War II.

3. Balance: The two countries are reducing certain long-standing bilateral asymmetries – for instance, in their levels of exports, imports and foreign direct investment – and moving toward greater balance. In this sense, Japan is becoming less the "outlier" it was in its external economic relations compared to other Group of Seven (G7) or Organization for Economic Cooperation and Development (OECD) countries until the 1990s.

4. Stability: As the two countries become more familiar with each other, stability in the relationship will be enhanced. Therefore, there is likely to be less vulnerability to wide swings in public opinion each time an event – e.g., a politician in one country making a statement offensive to the other – hits

the news headlines.

5. Independence: Fifty-eight years after the end of World War II, it is only natural that the two countries will ease their unusually tight bilateral embrace and seek to enhance relations with other countries and regions, while always recognizing the importance of the U.S.-Japan bilateral relationship. Thus, the desire on the part of Japan to foster closer relations with the countries of Asia or Europe is natural and inevitable, just as the United States will want to strengthen its ties with the countries of Latin America and elsewhere.

6. Interdependence: While independence may be seen in certain aspects of the relationship, greater interdependence is being evinced, especially in economic activities, both on the macro level (e.g., greater cross-investment and mutual sensitivity of stock markets) and the micro level (e.g., more cross-border mergers, strategic alliances and joint ventures). The forces of globalization are propelling this trend among all countries, but the impact on the U.S.-Japan relationship is particularly acute because of the already deeply intertwined nature of the two economies.

7. Cooperation: Numerous areas are emerging where the United States and Japan can cooperate to help resolve global problems – as seen in the "Global Partnership" of the 1980s, the "Common Agenda" of the 1990s and the "Economic Partnership for Growth" of the 2000s. One important factor that will "gate" this trend is the fiscal and financial health of the United States and Japan, i.e., to what extent the two countries will have the government financial resources to fund such global projects and, to the extent that public moneys are limited, how much private capital in the two countries can be tapped for such purposes.

8. Diversity: A much more diverse group of Americans and Japanese are gaining exposure to each other's country than in the past, not just specialists in international affairs, American Japanologists or Japanese Americanologists.

9. Breadth: The role of governments

is receding as a wider range of private sector institutions – including corporations, non-governmental organizations (NGOs) and non-profit organizations (NPOs) – are increasingly shaping the perceptions and realities of the bilateral relationship. This includes private citizens, including athletes such as the Japanese baseball player Suzuki Ichiro in the United States and the American sumo wrestler Musashimaru in Japan.

10. Localism: The U.S.-Japan relationship is no longer defined solely by the official, national Washington D.C.-Tokyo axis, but with localities – states, prefectures, counties or cities – increasingly active in promoting bilateral ties. The number of “sister city” and “sister state” relationships between the two countries is increasing, with a commensurate increase in the level of locality-to-locality activities.

11. Multilateralism: Global institutions such as the World Trade Organization and regional organizations such as the Asia-Pacific Economic Cooperation Forum, the European Union and the North America Free Trade Agreement are assuming roles of greater importance, supporting and at times supplanting bilateral organizations or mechanisms. The growing independence between the United States and Japan mentioned as “Trend 5” is partly a by-product of the tendency in both countries to recognize the importance of regional and multilateral/multinational relations.

12. Complexity: Diverse constituencies in each country are making it increasingly difficult to draw clear distinctions between “Japanese” and “American” interests. For instance, Japanese producers and American consumers often have common interests, as do American producers and Japanese consumers. And American exporters to Japan may favor a stronger yen, whereas American investors in Japan often favor a weaker yen.

13. Closeness: The relationship between the two countries is growing more intimate and familiar as they get to know each other more. This will result in a higher level of knowledge and awareness by Americans about

Japan and by Japanese about the United States.

14. Frankness: The two countries are increasingly engaging in more direct, frank, candid (*honno*) discussions than in the past, when superficial officialese and ritualistic statements of policy (*tatemaie*) – at least on the government-to-government level – were the norm. This is partly a reflection of Japan’s globalization as well as the generational change taking place in both the United States and Japan.

15. Specialization: Specialists in each country are working with their professional and disciplinary counterparts in the other country, without regard to whether they are knowledgeable about each other’s culture or society.

16. Learning: The two sides are learning from each other, as the two leading advanced industrialized societies, in such areas as education, health care, social security, policy toward the elderly and urban planning.

17. Harmonization: Greater attempts are being made to harmonize domestic standards and regulations between the two countries, including such areas as pharmaceuticals, agricultural products, electronics, accounting standards, antitrust laws and competition policy.

18. Deepening: The Internet and information technology are fostering greater frequency of contact and communication flows between the two countries, leading to a qualitative deepening of the relationship and enhancement of trust.

There are, of course, other major trends that might define the course of the U.S.-Japan bilateral relationship. But these 18 trends provide a framework for understanding some of the major forces that are likely to shape the relationship in the near term.

Although the trends described above may appear, on the whole, to be posi-

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Seattle Mariners fans cheer for Ichiro

tive, this does not imply that the relationship will be trouble-free. In fact, as the world’s two largest economies with complex webs of interrelationships around the world, the United States and Japan will almost certainly face contentious and problematic bilateral issues from time to time. These include not only economic issues but those related to politics and military security. The important point is not that these issues should emerge but that methods and mechanisms be established to deal with them in an effective, rational and professional way.

For two nations rooted in such divergent historical, cultural, ethnic, philosophical, psychological and religious traditions, the United States and Japan have been remarkably successful in forging a productive and mutually beneficial relationship in the postwar period. Despite periodic problems that are bound to emerge – and despite occasional concerns that the United States or Japan is favoring, e.g., China, over the other – the two countries are moving toward greater stability, cooperation and closeness in their bilateral relationship, which augers well for developments in the overall U.S.-Japan relationship over the next decade. **NTI**

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