

THE UNITED STATES AND JAPAN: FROM UNNATURAL INTIMACY TO NATURAL ALLIES

MATTHEW P. GOODMAN AND DAVID A. PARKER

For much of the postwar period, the U.S.-Japan relationship has been one of “unnatural intimacy,” George Kennan’s description of a partnership of two former enemies divided by enormous cultural, historical, and geographic differences. Nonetheless, the partnership has endured, anchoring peace and stability in the Asia Pacific. Today, the alliance is at its strongest in decades, rooted in shared values and converging strategic interests. But with the Obama administration in its final year, the recent momentum could prove difficult to sustain. Article II of the U.S.-Japan Security Treaty calls for both countries to “contribute to the further development of peaceful and friendly international relations...eliminate conflict in their international economic policies...[and] encourage economic collaboration between them.” To fulfill this mandate, Washington and Tokyo should build on recent progress in the bilateral relationship and look outward for new opportunities to advance shared values and mutual strategic interests through coordinated economic statecraft in the Asia Pacific.

The relationship has not always been so strong, nor have American and Japanese interests always been so closely aligned. In 1960, protests in Tokyo over ratification of the U.S.-Japan security treaty were so intense that they forced then-Prime Minister Nobusuke Kishi to cancel a planned state visit by President Dwight Eisenhower—and led to Kishi’s resignation shortly after. During Japan’s “miracle” years from the 1960s through the 1980s, tensions often ran high over growing trade imbalances and Tokyo’s unwillingness to channel its growing economic heft into its own defense. Following the collapse of the Soviet Union and over the course of Japan’s two “lost decades,” the alliance suffered from both a lack of clear direction and occasional divergence of strategic interests, reaching a low point under the administration of Prime Minister Yukio Hatoyama in 2009.

The relationship has since rebounded. Prime Minister Shinzo Abe has made a strengthened U.S.-Japan alliance—both its security and economic dimensions—a top policy priority. Visiting Washington less than two months after regaining the prime ministership in December 2012, [Abe gave a speech at CSIS](#) in which he declared that “Japan is back,” hailed the alliance as the bedrock of peace and prosperity in Asia for over half a century, and announced his intention to bring Japan into the U.S.-led Trans-Pacific Partnership (TPP). On a state visit to Washington two years later, Abe became the first Japanese prime minister ever to address a joint session of Congress, while Washington and Tokyo unveiled revised defense guidelines that significantly expanded the geographic scope of bilateral security cooperation. Another major step forward came in the fall of last year, as the United States, Japan, and 10 other Asia-Pacific countries announced the successful completion of the TPP negotiations—a de facto U.S.-Japan free trade agreement.

These advances were in part the result of a shift long underway in the bilateral relationship toward one of greater equality, underpinned by the converging economic interests of the world’s two largest market economies and shared values between two democracies. Shifts in the external environment, especially a new assertiveness on the part of a more powerful China, provided another key impetus. These factors will likely continue to push in the direction of closer U.S.-Japan cooperation. Nonetheless, there are risks ahead that could undermine the strength and unity of the partnership.

For Tokyo, the “3D” challenges of debt, deflation, and demographic decline continue to weigh on Japan’s economic trajectory. Despite showing early promise, Abenomics has largely failed to reverse these trends. Fiscal policy has been inconsistent, while efforts to vanquish deflation through aggressive monetary easing have struggled in the face of plummeting commodity prices, sluggish demand, and, more recently, an appreciating yen. Structural reform efforts have been uneven, with the Abe government [making important progress](#) in corporate governance, women’s empowerment, and agricultural reform,



Recent Event

- February 25: Statesmen’s Forum: Wang Yi, Minister of Foreign Affairs, PRC (CSIS)

Upcoming Events

- February 26–27: G20 Finance Ministers and Central Bank Governors Meeting (Shanghai)
- February 27: ASEAN Foreign Ministers Retreat (Laos)
- February 29: China Reality Check: China’s “Internet Sovereignty” Initiative: Origins and Consequences (CSIS)

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but failing to tackle vital areas such as labor market flexibility and immigration reform. Partly as a result, Japan's real GDP growth rate is expected to fall below 1 percent by 2017, far short of what is needed to reach Prime Minister Abe's target of 20 percent nominal growth between 2015 and 2020. While the political collapse of Japan's opposition parties means that Abe is unlikely to face a serious challenge to his position until at least 2018, slow growth and a series of scandals could eat away at his political capital and reduce his policy leeway.

The United States may have a more positive economic trajectory, but the near-term political landscape is far less stable. The Obama administration is in its last year. Even after the next president takes office, it will not be until late 2017 that a new foreign policy team is fully in place. In the meantime, populism is dominating on the campaign trail, reducing the likelihood that Congress will pass the TPP before the November election. Populist candidates from both major parties are focused on defending the United States from the forces of globalization, rather than articulating a positive vision for engagement with U.S. allies and partners in Asia.

Given this landscape, what should come next for the U.S.-Japan relationship? The first priority should be to ratify TPP. Beyond this, Article II provides a lodestar for a new phase of bilateral cooperation: joint economic statecraft. Both countries have strong free institutions and a sense of shared values that has deepened over the past 70 years. They remain the two largest market economies in the world. American and Japanese workers and companies rely on strong intellectual property rights protections and benefit from the spread of high standards in third markets. As such, joint efforts to promote a free, fair, transparent, and market-based economic order in the Asia-Pacific region represent a logical next step.

A few examples are illustrative. Against the backdrop of **Eurasia's ongoing infrastructure rush**, Washington and Tokyo share an interest in promoting high-quality investment, consistent standards and safeguards, and regional

connectivity. Coordinated efforts to assist Asian governments in enhancing their project evaluation, procurement, and tax collection capabilities represent one opportunity to help address the region's infrastructure needs while leveling the competitive playing field. As Internet penetration rates and connectivity levels are increasing across the countries of South and Southeast Asia, so is vulnerability to cyberattacks. Both Japan and the United States have the capacity to provide assistance and help to set standards, which could translate into greater support for U.S. and Japanese priorities in areas such as Internet governance. Women's empowerment, a central priority of Japan's G7 agenda in its 2016 host year, is another potential area for strengthened cooperation.

The late ambassador to Tokyo Mike Mansfield used to describe the U.S.-Japan relationship as **"the most important bilateral relationship in the world, bar none."** Today, other formulations, such as the so-called G2 between the United States and China, have grown more prominent. Nonetheless, Washington has no stronger or more capable ally than Tokyo. The Asia-Pacific region is growing more turbulent. Countries are struggling to manage rising security tensions and slowing economic growth. Joint economic statecraft provides an avenue for the United States and Japan to further contribute to the "development of peaceful and friendly international relations," while advancing shared strategic interests. That these possibilities exist today is the product of decades of hard work on both sides of the Pacific and the reality that, after 70 years, the U.S.-Japan relationship is no longer one of unnatural intimacy; Washington and Tokyo have instead become natural allies.

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Simon Says...

Icons of youth culture from Japan and the United States have often enjoyed success after crossing the Pacific, with Hello Kitty being one standout example. Now Sanrio, the company behind the iconic cat, is looking for another breakout in the U.S. market, this time with a less upbeat character: **Gudetama, the apathetic egg yolk**. Gudetama spends its days lying lazily on an egg-white bed under a bacon blanket. It has, to borrow from Sanrio's own description (quoted in the *Wall Street Journal*), "given up living in the competitive society because it is in despair," a defeatist attitude that has captured the sympathies of

Japan's young people, many of whom have struggled to find meaningful economic opportunities amidst the two "lost decades."

It remains to be seen whether Gudetama will succeed across the Pacific, but Simon suspects that the dispirited egg will find a warm U.S. reception. Whether this reflects the fading optimism of American youth in the face of persistent double-digit youth unemployment (and underemployment) is hard to say—Simon suspects it might also be that products like **dispirited egg yolk slippers** are just too adorable to resist... ■