

WEBINAR SUMMARY:

A New Trump Presidency - the implications for US-Japan relations

With Professor G. John Ikenberry and Professor Yasushi Watanabe, moderated by
Gideon Rachman

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Gideon Rachman: Good to see you all. Today we will discuss the possible impact of Donald Trump winning the election - we may be in a whole new world not just for US-Japan relations, but for the liberal International order. We've had a Trump Administration before, but we suspect that this will be a more radical Trump Administration, which will take aim at the roots of the liberal International order. How do you feel about it, John?

Professor John Ikenberry: I do think it's more serious the second time around for the liberal International order. We have been here before, but this is a more unconstrained new Administration- I think generally speaking, it's quite remarkable that we have a new incoming Administration that contests almost every element of the liberal International order in terms of trade alliances, migration, multilateralism, human rights etc. A revisionist state has arrived on the scene to contest the liberal International order, and it's not Russia or China - it's the United States, the 'beating heart of the free world'. It's an extraordinary World development. I think the deeper significance this time around is that it's less constrained and the narrative at both home and abroad is that the US is not what we thought it was. Trump was not an aberration, but is a feature of American politics and of The Narrative of America.

Gideon Rachman: One more question for you John, before I turn to Yasushi. Do you think the liberal International order can actually survive its sponsor turning against it?

Professor John Ikenberry: Well, it did the first time around and there are features of it that I think can survive. I mean it's a very important question Gideon and I I don't think we have answers to it totally, but I think if you think if the liberal International order had had two core features one was open trade, and the other one was security cooperation. Trump contests both of these. I mean we're in the midst of a trade war, and it's going to get worse. It's not all about Trump's views about it, there is an actual structural problem that's going to make trade a contentious issue. It's a deeper threat to the order, and in the end it will be determined less by the US and more by America's Legacy Partners. Will they seek an alternative kind of framework regionally and globally, or will they make bets to ride this out, and do the kind of transactional politics that Trump will request?

Gideon Rachman: Yasushi, how do you think Japan will react- will they try to manage the situation or will it try to reinvent a new kind of order?

Professor Yasushi Watanabe: Firstly, thank you for having me on this webinar. I want to introduce this with a public opinion survey conducted before the elections. According to the poll, 71% of Japanese respondents supported Kamala Harris., whereas 19% supported Trump. After the elections, 49% of respondents said that this isn't good for the world, and 31% thought the opposite. In terms of US- Japan relations, according to an NHK poll taken last week, 60% believe the bilateral relation will get worse, whereas 25% think it will get better. This generation tends to feel more negatively about it. So this is the general background. With a second Trump Administration, we are concerned that for Mr Trump, words like 'International' or 'multilateral' are nothing more than the system of US exploitation- he doesn't draw a 'normative' image of liberal International order. We can deduce that he seeks only partial optimization between the two countries, and there's no guarantee that this will lead to the overall optimization of the liberal International order; in fact there's even a possibility that the US will become more accommodating to authoritarian regimes.

I think the United States still has an outstanding portfolio of both 'hard' power and 'soft' power. Their presence in the international communities are determined by the multiplication of ability and will, and although China and Russia's portfolios have lots of weakness, their strategic will is extremely solid due to their authoritarian regimes. In contrast, at least in recent years, it's becoming increasingly difficult for the US to maintain its strategic will as a nation. Japan's close alliance with the United States is one of their greatest diplomatic assets, but US diplomacy has become increasingly shaky, and so the question is how Japan can maximize its national interest and minimize its risk. I think Trump's diplomacy which emphasizes a kind of peace may have some advantages,

and it is important to make use of these advantages. We will probably see a shift from the so-called bilateral relations to the lattice network type of minilateral relations.

Gideon Rachman: How prepared do you think the current government is about how they're going to approach Trump? If we think back to Abe, he was very quick and had a whole approach to deal with Trump, and it seemed to work quite well. However, currently, Japanese politics is back in one of those phases of multiple governments, as well as having an inexperienced Prime Minister. Is Japan's domestic politics in a sufficiently ordered situation that it can actually respond?

Professor Yasushi Watanabe: Well, unlike past presidents, Trump's approach is different in that he's very transactional, using the provisions of the US as bargaining chips and demanding for an increase to the defense budget. Naturally, friction among allies will benefit China, Russia, North Korea and others, and Japan will be no exception. However, compared to other countries where the US forces are stationed, Japan bears a significantly higher share of the burden, and any further burden could mean that the US forces in Japan would be turned into mercenaries. In recent years Japan has also strengthened its defense efforts and the defense cooperation between Japan and the United States have steadily deepened. In addition Japan is the largest direct investor in the United States, so I think based on these facts, it's necessary to demonstrate once again that a US-Japan Alliance is a valuable diplomatic asset with real benefits for the United States as well, and fortunately Japan has the experience and the context of the previous administration, so I myself do not envision a situation in which there will be a major upheaval in Japan-US bilateral relations.

We do expect to see a situation where the Trump Administration will struggle to deal with Japan's neighbors. If Trump imposes high tariffs on China, China will likely retaliate: during the previous administration the Japanese economy was directly affected by the friction with Chinese trading. On top of this, If Trump prioritizes the deal making with North Korea and agrees to downsize or withdraw uh US forces in South Korea, regional balance of power uh could collapse at once and as you mentioned, the major prerequisite for this is that the political basis of Japanese Administration is solid. Trump had a very positive personal relationship with the former and late prime minister Abe, but we also shouldn't forget that President Abe was very good at elections and had a very solid base of power. Right now, Prime Minister Ishiba's approval rate was only 40%, with a similar disapproval rate at 37%. If his administration is fragile, President Trump will not take him seriously and conversely may even try to shake them up.

Gideon Rachman: John, if one posited the more radical version of a second Trump term, what do you think he might do vis-a-vis Japan? I mean we haven't yet talked about the direct impact of the 20% tariff that he's threatening on everybody. What will he do with the alliances with Japan and South Korea?

Professor John Ikenberry: Well, on the one hand I think Japan and Korea will have certain positive features that will attract the Trump Administration to an extent. The focus on China is the centerpiece of foreign policy, so how can you not want your alliances in the region to be operative when you are focused on your great rival China. I think the alliances are likely to survive in terms of the security enhancement that these countries will bring.

On the other hand Trump is going to create great trouble with trade. I just don't see how he can um rationalize a step back from his grandiose plans to raise tariffs and engage in this kind of tariff War. I think we have to come to the point where we realize he is a mercantilist- this is not something that is even kind of a negotiated issue: this is his view of the world and I think that is something that all partners are going to have to deal with. How do you maintain some stable economic relationship with Trump's America? Again, there are countervailing factors: you want your allies to be engaged in technology restrictions on China, so you need them more generally. I guess the more optimistic view is that everything's negotiable and Trump has a vision of the world that is rife with inconsistencies and contradictions- you can't have everything. You can't have tariffs and make the American economy hum at a higher level. You've got two or three trillion dollars of artificial intelligence stock market inflation, so Trump could run into economic headwinds. All these kinds of constraints could unfold that could make the economic story more complicated.

Gideon Rachman: Yasushi, just focusing on that tariff threat - what does a 20% tariff do to the Japanese industry?

Professor Yasushi Watanabe: Well it's beyond imagination, I don't really know what this will mean, but I agree that it does nothing good for the Japanese economy. If you want to make more earnings you have to focus more on your factories, so that's probably what Trump had in mind when he came up with the tariff. He believes it will not just reduce the deficit, but also act as an industrial policy, bringing factories back to the United States, and also bringing direct investment from overseas to Japan. I think Japanese factories will have no choice but to make more direct investment to the United States, which will have other consequences to the Japanese economy.

Gideon Rachman: I'd also like to ask about the security issue. There's a powerful China Hawk Camp in the Republican party, but there's always this suspicion about Trump himself- he's sowed doubt about whether he'd defend Taiwan. Some would say he's an isolationist, others would call it a restrainer, but he does not seem very interested in conflict and tends to see allies as ripping off America, rather than sort of partners in a common enterprise. So what are the implications if those kinds of views prevail, and how likely do you think they are to?

Professor John Ikenberry: Yeah, there is that side of the issue. His appointments so far on the security side include Marco Rubio for Secretary of State and Michael Waltz for National Security adviser. They're both China Hawks. I think we're going to see intra Administration controversies, and they will play out in very different locales: Ukraine, Russia but also China.

Trump had some great summits with Putin, Kim Jong Un and others, and I think they thought Trump could do something crazy, for example, he might be willing to liquidate America's Holdings in the region, or be willing to withdraw American troops from Korea if he could pause the nuclear testing in Pyongyang. I think and China will want to test to see whether Trump really would hold firm on Taiwan, and whether there could be a deal that would lead the Trump Administration to fundamentally redraw what America's role is in East Asia. I'm skeptical about whether that would happen or that it would be sustainable, but I think that this uncertainty level brings everything onto the table.

Gideon Rachman: Yasushi, over the Biden Administration we've seen a significant deepening in the US-Japan military relationship, with the movement of some US commanders to Japan, rather than doing stuff from Hawaii, and just generally a tightening of it. Are you confident that will last, and at the time were people saying it was a good idea, given how volatile America seems?

Professor Yasushi Watanabe: Yes, I think that Trump is likely to show understanding of the security framework such as G-QuAT by Japan, United States, Australia and India, but on the other hand, as John mentioned, Trump himself repeatedly stated that he's more conscious of economic decoupling, so Trump might prioritise making a deal on the economic front and thus neglect the security issues, such as the defense of Taiwan. I read that 60% of the Taiwanese are not counting on US intervention in case of trouble. If North Korea is accepted as a de facto nuclear power, this will cause friction with South Korea, and if the Taiwan situation deteriorates, it will upset the strategic geopolitical circumstances. One thing which Biden's administration took initiative in our part of

Asia was the indopacific economic framework So-Cal, but this probably will be abandoned by Trump.

Gideon Rachman: John, I think we should talk a little bit about Korea, because firstly it was such a signature initiative of the first Trump Administration but it ended in disappointment particularly for Kim Jong-Un, and now attention is turning back to it because of the arrival of North Korean troops in Ukraine. The analysis by some Korean specialists is that Kim has embarked on a new path- I think somebody wrote that he's intent on war. What is your view of what part that's going to play and how Trump might handle him?

Professor John Ikenberry: Yeah, I think that's a real issue - North Korea's closer relationship with Russia, and sending troops to Ukraine escalates all of this, and obviously the Korean government is very concerned about this growing North Korean capacity, fueled by the bargains that are leading to uh technology sharing with Russia. South Korea gets worried about their security and looks at the US relationship- the question is whether that Alliance is credible. If there is a growing gap between Washington and Seoul, driven by these transactional issues we've been talking about, there will be more talk in South Korea about acquiring its own nuclear weapons. Something like 60 or 70% of the Korean public are open to that idea. I could imagine North Korea triggering South Korea resulting in a growing split with Washington and Seoul. This may lead South Korea to make new plans, which will also have implications for Japan. The spread of nuclear weapons in the region would be extraordinarily destabilizing and dangerous.

I think there's a role for Japan on this nuclear weapons front. Ishida at the G7 Summit a year and a half ago put this issue on the table, with the other leaders and Biden. I think Japan for historical reasons could find a role for itself in raising this issue and acting as a sort of bridge between the US and China and and then in whatever way it can, evolve its relationship with Seoul. This is a very volatile area so I hope that might be something that Japan can think about.

Gideon Rachman: Yasushi, what do you think about it? I know it's the most sensitive possible issue there could be in Japan, but as John said South Korea might think of acquiring nuclear weapons. What's your opinion on this?

Professor Yasushi Watanabe: If South Korea goes nuclear, that means Japan will be the only country in this region which does not have nuclear weapons, and because of the strong public sentiment against it, Japan will be put in a very difficult situation. I hope as John mentioned that Japan can play such a

role, but Putin's new nuclear guideline will make it easier to use nuclear weapons, which is really concerning.

Gideon Rachman: Talking of concerning situations, can I just finish with a question that's on everybody's mind, which has implications for everything but also for US-Japan relations. John, do you think looking at Trump's statements about purging the Deep State and putting his enemies on trial- do you think American democracy as we know it is under threat?

Professor John Ikenberry: Yes, I do think it's under threat, in fact, I think this is the gravest stress test for American democracy in our time. This is what the founding fathers feared and here we have a president with both houses of Congress and a Supreme Court, which is essentially giving him the opportunity to do what he wants without accountability in the Oval Office. Maybe it's more optimism based on my nature than on the evidence but I do think there is still a culture here that plays a role, and there will be countervailing forces that will play a kind of adult supervision role in various places along the way. I think the Senate still is one of those places. On top of this, Trump is not inherently popular- he left the office the last time with about 34% approval rating. He could with his appointees create chaos but not have sufficient coherence and sobriety of purpose to to pull off the strongman, Neo authoritarian move, so that's some evidence to say that we can make it through this. I think we have to hope there is sufficient gravity within this political system to contain the worst excesses.