



CIGS Jeffrey Steinberg Seminar

The Trump Presidency after 18 Months

(Summary of speech)

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Jeffrey Steinberg, Executive Vice President, Pacific Tech Bridge (PTB):

I assume that during the autumn of 2016, many of you heard that it was 100% certain that Hillary Clinton would be the next President of the United States. That is obviously not what happened and there were many factors that were ignored by the traditional Washington D.C. political establishment. They were so invested in the wrong outcome that to this day they refuse to accept the reality, and instead are looking for all kinds of excuses. The mood in the United States was one of deep frustration with continuity of establishment policies, specifically the continuation of wars without end, the bailout of Wall Street, disinvestment in the real economy of the United States, and the continuing collapse of very basic infrastructure. There was a mandate to pull a circuit breaker on the direction of policy.

Now, unfortunately there was no candidate for either party who really represented a positive alternative. The net effect was that you got Donald Trump, who reflected the mood inside the country.

In 2000, Trump wrote a book, called *The America We Deserve*. The major theme of the book is Trump announcing that he's planning to run for president, 16 years before he ran. He wrote that we may be facing an economic crash like we've never seen before, and we have to anticipate it and know how to rebound. He had some idea about where some of the deeper problems were already starting to manifest themselves, before a lot of other people.

In the same book he says that American foreign policy has to be put in the hands of a dealmaker. A true dealmaker can keep many balls in the air, weigh the competing interests of other nations, and above all constantly put America's best interest first. The dealmaker is cunning, secretive, focused, and never settles for less than he wants. It's been a long time since America had a president like that.

He believes that the great states if they can reach some kind of a consensus and agreement, especially at the top, can accomplish some things that are of importance. He's rather stubbornly going ahead with this basic idea that you've got to be able to actually engage countries that maybe adversaries and posing challenges to you.

There's two aspects of Trump. One of Donald Trump's early mentors in New York City real estate was an attorney named Roy Cohn. He was the General Counsel to Senator Joe McCarthy, and was the prosecutor who got the conviction of the Rosenbergs. He

later became the lawyer representing all five of the major mafia families in New York, and was prosecuted repeatedly for tax evasion. This is the person who introduced Donald Trump into Manhattan real estate. For Donald Trump, moral considerations are nonexistent, and many of the people he did business with in New York had more blood on their hands maybe even than Kim Jong-un.

There is another side to Trump. His father was in the real estate business in Queens, building low income housing. He became quite rich, but in New York City Manhattan is where the prestige and the money is. Donald had an uncle, John Trump, who was a scientific genius, and Fred, Donald's father, put his brother through school, and during World War II, John Trump was the Assistant Director and Head of Field Services at the Massachusetts Institute of Technology Radiation Lab. His work evolved into the development of radar during World War II.

About his uncle, Trump said that we need to get past the idea that we're safe. His uncle had a strong belief that one day the United States might be subjected to a terrorist strike. Trump always wondered if his uncle was exaggerating, but we know now that he knew exactly what he was talking about. Trump has the sense that the danger of nuclear war is something that is clear and present, and this very much informs his willingness to deal with Putin despite the criticisms.

Now, as a very transactional businessman, Trump fundamentally rejects the idea that large alliances of nations can share a unified and common global agenda. His outlook is that the world is not a "global community" but an arena where nations, nongovernmental actors, and businesses engage and compete for advantage. Trump makes it clear that those societies that share our interests will find no friend more steadfast than the United States. Those that choose to challenge our interests will encounter the firmest resolve.

The idea that there are allies who deserve special treatment and adversaries, who deserve the opposite kind of treatment, is not in Trump's political lexicon. He has a poor relationship among the leadership of traditional American allies, arrived today in Brussels for a meeting with NATO heads of state, and he's got a checklist of countries that have underfunded their NATO obligations. That's the approach he has taken.

He recognizes that the center of gravity of world affairs has shifted to Asia. China is the second largest economy in the world, the North Korea crisis had been ignored for

several presidencies, and was an immediate critical issue. Japan is in essence the closest ally of the United States in the Indo-Pacific theater, but there are areas where there are issues, which are points of conflict between the US and Japan.

The president has assembled a team dealing with the major foreign, national security, economic, and trade policies that have radically divergent points of view. Trump likes this in order to keep things balanced.

You have two swing figures on economic and trade policy in the inner circle, Wilbur Ross and Robert Lighthizer, the head of the US Trade Office. Lighthizer's view is not necessarily that tariffs are the solution to all economic problems, and he is probably more well-informed about the ins and outs of World Trade Organization regulations and enforcement procedures than anybody else in the United States. While Lighthizer is of the protectionist camp within the Trump administration, he favors enforcement of the WTO regulations.

One of the things that he's raised is the fact that China is still officially listed as a developing sector country, and gets preferential tariff protections. He's making a very strong argument that at this point China should no longer have that special status. Within the trade issues you have a balancing act and ultimately the decision-maker is Trump, likes having opponents of one another in the cabinet, because it gives him the flexibility to surprise everybody, sometimes including himself.

With the national security team there is a core group of military people, and he has more military people in his cabinet than any recent president. You have Mattis, Secretary of Defense; Kelly, White House Chief of Staff; Chairman of the Joint Chiefs of Staff, General Joseph Dunford. All three are Marine four-star generals, who have served together in the Marine Corps for the last 30 years. You have a core team of people who are very influential home and who hold very key positions. You have the new Secretary of State, Mike Pompeo, who developed a close personal relationship with President Trump during the period that he was the CIA director. On almost any given day, he was at the White House first thing in the morning delivering the president's daily briefings, products that are put together by the intelligence community, of 16 different intelligence organizations.

Pompeo realized very quickly that Donald Trump is not an avid reader. Trump wants the bottom line very quickly, and does not have a tremendous attention span. He thinks

from the gut and Pompeo realized that it was very important to structure the daily briefings so that the most critical things got out very quickly. He developed a means by which to make sure that the president got the most critical and necessary information without wasting a lot of time. Trump developed a significant amount of trust in Pompeo over a 14-month period. Pompeo is in a certain very unique position, trusted by Trump and a very important person in the national security structure.

But because of Trump's unpredictability that could change very quickly. The team of people who were dumped early on from the administration were three of the most powerful figures in the inner circle of the Trump administration. They are all fired basically for one reason. They all exuded body language that they really didn't respect the president, or think he was very smart. It was not a question of if they would be fired but only when.

He's assembled a team of people who have all learned a lesson from those early removals from positions in the administration. The people who are in there now are very careful to show respect, to follow the president's orders, and to avoid making careless comments in front of other people who've got pipelines to the US media.

Again you've got strong disagreements. John Bolton is despised by the military team in the Trump administration, and there is an enormous amount of distrust back and forth. The general evaluation of why Bolton got the job is that there were three very wealthy strong backers of Benjamin Netanyahu in Israel who were major donors to the Republican Party. The three of them offered to give \$100 million to the Republican Party in return for three promises – move the embassy from Tel Aviv to Jerusalem, withdraw from the JCPOA, and find a job for John Bolton that doesn't require senate confirmation.

I don't have any great expectation that he will be there for the duration of the Trump presidency. But he represents an extreme viewpoint and as the result of that, he is very useful. If you ever want to really get a kind of an idea of how American politics has become a morphing together of politics and reality television, watch some of the reruns of Donald Trump's reality TV show, The Apprentice. His favorite slogan at the end of every show was 'You're fired,' and so nobody is serving in this administration with any degree of job security.

Now, many people in the old establishment are still shell-shocked at what happened in the US elections. That stubbornness, which infects a lot of the international view of what's going on in the United States, the general line is that Trump is completely irrational, totally unpredictable, but let's actually take a look.

Probably Donald Trump has kept more campaign promises than any president in memory. I'm not judging whether these are good policies or bad policies. The point is he still sticks largely to his agenda, even where it seems to be self-contradictory. He talked about TPP being in competition with the Iran nuclear deal as the worst deal ever, and withdrew the United States from the TPP. He said NAFTA was a terrible deal, and he insisted on renegotiation of NAFTA. This is a very good example of where his level of mastery of complex economic issues is very, very limited. NAFTA has been in force since the mid-1990s, and many things have happened between the United States, Mexico, and Canada in that period. There is a supply chain integration in North America that is going to be very problematic to try to unravel, and so many of the economists in the Trump administration have done what they can to educate him on some of the more complex issues that come up when you start talking about wholesale ripping of NAFTA.

I already discussed the moving of the embassy from Tel Aviv to Jerusalem, but the other aspect of it is that every US presidential candidate for the last 50 years has campaigned on the idea of moving the embassy to Jerusalem, but never do it. As far as Trump was concerned, it was very simple, never mind the implications for Middle East security issues. It was logical, "They are a bunch of bums. They are hypocrites and I'm not, so I'm going to go ahead and do it and don't let any of my advisors try to convince me otherwise."

The withdrawal from the JCPOA, the first ratchet of sanctions goes into effect in August, and the second, covering energy and banking, go into effect in November. There is a taskforce made up of people from the Treasury Department and the State Department who have been going around the world, making it clear that those secondary sanctions will be fully enforced. Fifty of the largest European corporations have already announced they are pulling out of Iran, so whatever the European commission thinks they're going to do, it's already happened.

President Obama instituted many things through regulations after a few basic laws were passed, all of those regulations are now in the process of being reversed. While

Obamacare is still officially on the books, most of the gut of that program is largely gone.

Today, in Europe, Trump is walking around with a very short list of all of the European NATO countries that failed to meet the 2% GDP requirement for investment in their military.

Other thing, Trump announced several times during the campaign that he was prepared to meet face-to-face with Kim Jong-un. There's only one decision-maker in North Korea and that's Kim Jong-un, and for all practical purposes, I'm the decision-maker in the United States, so why go through a lot of intermediary steps. Let's just have the meeting and take it from there.

Some of the major campaign promises still outstanding include \$1.5 trillion investment in vitally needed infrastructure. The White House produced a blueprint back in March. The idea was that the leadership in Congress should pick up the ball and turn it into legislation the way they did with the tax reform bill. It didn't happen, but it will be the number 1 priority coming up in January because this is such an urgently needed issue for the United States, and there's bipartisan consensus.

Trump also had come out during the campaign calling for bank separation, calling for reinstating the Glass-Steagall act, and it was adopted in both the Democratic and Republican Party platforms. This is an area where the administration succeeded so far in convincing him to back off from that, but if Trump really wants to be clever, he could institute the bank separation within a matter of hours. Two phone calls. One to Mitch McConnell, the senate leader. One to Paul Ryan, the house leader. He could call them up and say, I want this passed before the November elections. It would divide the Democratic Party right down the middle between the Wall Street faction and the Pro-Glass-Steagall faction.

He's somebody who's been very consistent. The problem is that for many people in Washington and on Wall Street, what he has been consistent about is policies they didn't want to see happen because it overturns the assumptions about the way that world politics has operated for a very long period of time.

One thing that General Kelly figured out early on is that since Donald Trump is going to be the ultimate decision-maker on pretty much everything, that it would be very wise to

have him effectively chairing working groups on every major policy issue so that it streamlines the decision-making and it puts Trump in the position of hearing all of the different voices and different ideas and making his choices. So, effectively, you've got a structure at the White House that's organized around a series of these small working groups. This is not an incompetent administration from the standpoint of assembling and streamlining the expertise to put together a serious policy approach for resolving issues in a way that none of the previous administrations have put the energy into accomplishing.

Japan and the US are anchors together for dealing with the challenges that China is going to represent over the period ahead. It's a very challenging relationship that is going to shape world affairs over the course of much of the remainder of the century. If we get it right, and come up with an effective way of dealing with China's rise, then we're going to be fine, but it can't be done by the United States alone. It's got to be a US-Japanese partnership. The anchor in the Indo-Pacific region is a core relationship between the United States and Japan, and it's going to take a lot of work to manage and develop that, and there are frictional issues. But, there's a recognition that this is of great strategic importance, because the Indo-Pacific region is where the center of gravity of the world economy and world politics is going to be for the foreseeable future.

Now, I would like to actually ask a friend and colleague to come up and just take a couple of minutes to address the final point that I wanted to make, which is the US-Japan cyber cooperation. This is the new frontier, and the issues related to the cyber domain go to the heart of national security. Dave Farber has just arrived from the United States, and he's going to be here for the next few years at an institute at Keio University. Dave, if you would come out and take a couple of minutes, and then we can go into Q&A.

Dave Farber:

For the past couple of months, we've started an activity at Keio University, looking at establishing a study in cyber civilization. We've gone through a major revolution in the world, with the internet, communications, and computers. You see this in politics, news production, corporations, and in the way people interact. What should the world look like 5-10 years from now as technology and people start behaving differently because of the cyber-infrastructure?

I have been around the network communications and computing since its beginning. I take pride in being the one that brought the internet to Japan, and gave it to a couple of students at Keio University. I had the opportunity to come over and spend a couple of years co-directing this multidisciplinary institute at Keio, focused largely on a merger between activities in the US and Japan. They are two cultures, which were remarkably similar in some ways and different in other ways. We're forming an advisory board that will have participants from both areas, with an eye towards establishing a joint research activity. It's an opportunity that I look forward to two exciting years to get used to Japan.