

MANAGING JAPAN-U.S. RELATIONS IN THE ERA OF DONALD TRUMP

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ALLIANCE MANAGEMENT AND TRUMP

- **What are the foundations of the Japan-U.S. alliance?**
- **Mutual Security – an unequal but mutual alliance**
- **Liberal world order – free trade and the rule of law**
- **Trust – personal ties and diplomacy**
- **The Trump administration and America First**
- **Trade policy and alliances**
- **North Korea and China**
- **Managing amidst chaos**
- **The dangers ahead – the May crises; the Mueller investigation and the mid-term elections.**

THE SECURITY FOUNDATION

- Key document in our alliance is “Treaty of Mutual Cooperation and Security” signed in 1960
- Replaces deeply unequal treaty signed during Occupation in 1951 which allows free use of US bases, use of forces to intervene in domestic affairs, no obligation to defend Japan.
- New treaty was attempt to restore sovereignty, equality.
- Not truly equal, due to constitutional restraints in Japan but clear about “mutual” security
- Article V declares that “attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and security” and both would act to “meet the common danger.”
- Article VI grants US bases in Japan “for the purpose of contributing to the security of Japan and the maintenance of international peace and security in the Far East.” Prior consultation on deployments out of Japan and major changes in equipment and deployment.
- Slow evolution toward greater Japanese security role, but within original structure

THE LIBERAL WORLD ORDER

- U.S. shaped post-war world order to avoid repeat of Great Depression and World War II
- Created network of security alliances, beginning with NATO and bilateral system in Asia
- Bretton Woods system – IMF, GATT, World Bank – to ensure currency stability, open markets, promote industrialization and global growth based on rules based approach.
- Flawed system – trade tensions, tariff and non-tariff barriers, currency manipulation, managed markets, non-competitive markets, income inequality, financial crises.
- But largely successful in avoiding global depression and promoting growth.

JAPAN-U.S. TRADE/ECO RELATIONS

- U.S.-Japan relationship marked by repeated trade tensions as soon as Japan had begun to recover, beginning with textiles
- Trade war intensified in 1980s – Japan as Number One, US in decline, industrial policy hailed.
- Restoration of primacy of security; economic correction – opening of Japanese market, financial reform, shift of investment in manufacturing from Japan, impact of IT revolution
- Japan as defender, now leader, of liberal world order – TPP process.
- China as the new challenger to the liberal world order – unites Japan and US.

BUILDING TRUST

Trump and Abe



Personal Ties

- **Japan-U.S. relations rest on close working relationships at level of bureaucracy, political leadership, business and society.**
- **Those trust relations are essential to overcome tensions and manage the alliance.**

TRUMP CHALLENGES THE POSTWAR ORDER

- Donald Trump is not a traditional Republican (or politician).
- Trump in his campaign challenged all the elements of the postwar order – the system of security alliances; the global economic system; classical ideas of the benefits of free trade; and the need to act in concert with allies.
- Trump is not an isolationist but he is a unilateralist nationalist who places priority on American national interest.
- Trump's administration, however, has been a mix of nationalists and traditional Republicans.
- Trump must govern through existing institutions – Congress, the federal bureaucracy, state and local governments – even if he doesn't always like to do so.

THE TRUMP 'AMERICA FIRST' AGENDA

- **Immigration** – Presidential order to restrict visitors from selected Muslim nations and more vigorous enforcement of anti-immigration measures; preparation for wall construction
- **Trade** – Withdrawal from TPP, renegotiation of NAFTA, imposition of tariffs on solar, washing machines, steel aluminum, possibly on China re IP violations.
- **Health Care** – attempt to repeal Affordable Care Act (Obamacare) mostly failed due to opposition within Republican Party but funding is being significantly cut to Medicaid.
- **Tax Reform** – large tax cuts for business and other tax reforms passed but will generate massive increase in federal deficit.
- **Defense buildup**
- **Infrastructure spending** – No concrete plans. Waiting for the budget.
- **Supreme Court** – approval for Gorsuch and potential filling of significant part of the federal judiciary.

TRUMP ON TRADE (MARCH 14 FUNDRAISER IN MISSOURI)

- **Our allies care about themselves, they don't care about us. You look at our trade deficit with these countries are our allies. It's unbelievable. And they understand it. I don't blame them.**
- **I told Japan - so we lose 100 billion dollars a year with Japan - 100 billion. So why aren't we taxing their cars when they come in. Then we'd lose nothing. We might even make something. And you know what they're going to do, they're going to say we don't want to pay that tax, so let's build plants in the United States. They already have some. But they'll expand them and they'll build new plants. Because they don't want to pay the tax - I want them to build new plants in the United states.**

IGNORANCE, OR A JOKE?

- **Even Japan. Look, the prime minister's a great guy, Abe. He's a warrior. Tough, strong, smart. But I said trade isn't so good with Japan. It's so one-sided. They don't take our product and we take their cars, I mean the cars and 90 percent of the cars, they just come. They need Mario Andretti to drive those cars off the boats. They come off the boats like 60 miles an hour. We send a car to Japan, they analyze it for four weeks before they decide to send it back because it's not environmentally friendly. They actually, one of the car companies actually had a car made and it was the most environmentally perfect car, cost them a fortune...And they were ready to approve it and they said, no no, we have to do one more test. It's called the bowling ball test, do you know what that is? That's where they take a bowling ball from 20 feet up in the air and they drop it on the hood of the car. And if the hood dents, then the car doesn't qualify. Well, guess what, the roof dented a little bit, and they said, nope, this car doesn't qualify. It's horrible, the way we're treated. It's horrible.**

DEFENSE AS A TRADE ITEM

- In some cases like South Korea you know they're making a fortune. Well we backed them many years ago.
- But we never trade - you know when they became rich we never changed the deal. So we were backing, backing, backing. And no politician ever changed the deal.
- Now we have a very big trade deficit with them, and we protect them. So we lose money on trade, and we lose money on the military. We have right now 32,000 soldiers on the border between North and South Korea.

NORTH KOREA



- Trump not aware of North Korea problem till briefed by Obama
- “Strategic Patience is over”
- Fear of military preemptive attack in North, South Korea and perhaps China
- Let China Do It
- Policy is actually same as Obama – eco pressure, China role, negotiations, with threat of force to create uncertainty
- Korean led dialogue – failure could lead to war

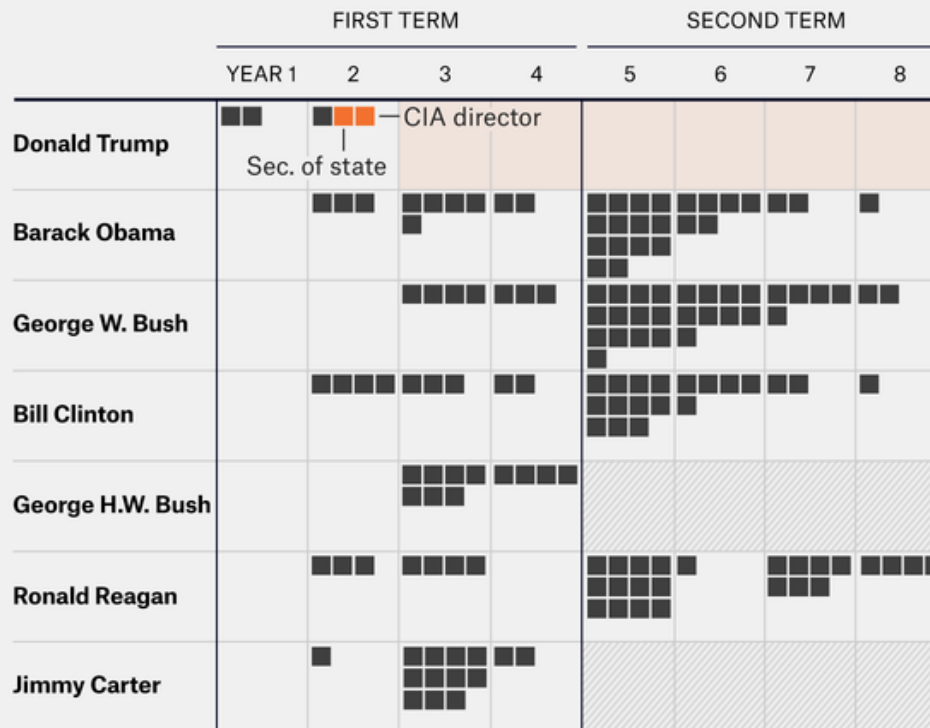
RELATIONS WITH CHINA

- During election campaign, Trump constantly criticized China on unfair trade, taking away jobs, South China Sea; threatened tariffs
- In phone call with Taiwanese president before inauguration said One China policy negotiable.
- In office, Trump returns to traditional policy
- One China, good relations with Xi
- Trump went from blaming China for failure to help on NK to praise for “working with us on the North Korea problem”
- Transactional approach – no trade tensions if China helps with North Korea.
- But trade measures vs China now being taken.
- Where are China relations headed? No one knows.

CHAOS IN THE WHITE HOUSE

Trump shakes up his Cabinet, again

Number of replacements in positions included in Trump's Cabinet, for recent presidents, through March 13, 2018



DIVIDED POWER IN WHITE HOUSE

NATIONALISTS

- Stephen Bannon (out)
- Peter Navarro
- Wilbur Ross
- Robert Lighthizer
- Stephen Miller
- Jeff Sessions
- Donald Trump
- John Kelly

TRADITIONALISTS

- Gary Cohn (out)
- Steven Mnuchin
- Jared Kushner
- Ivanka Trump
- Gen Mattis
- HR McMaster (leaving?)
- Rex Tillerson (out)
- Rence Priebus (out)

THE RUSSIA INVESTIGATION



Donald J. Trump ✓

@realDonaldTrump

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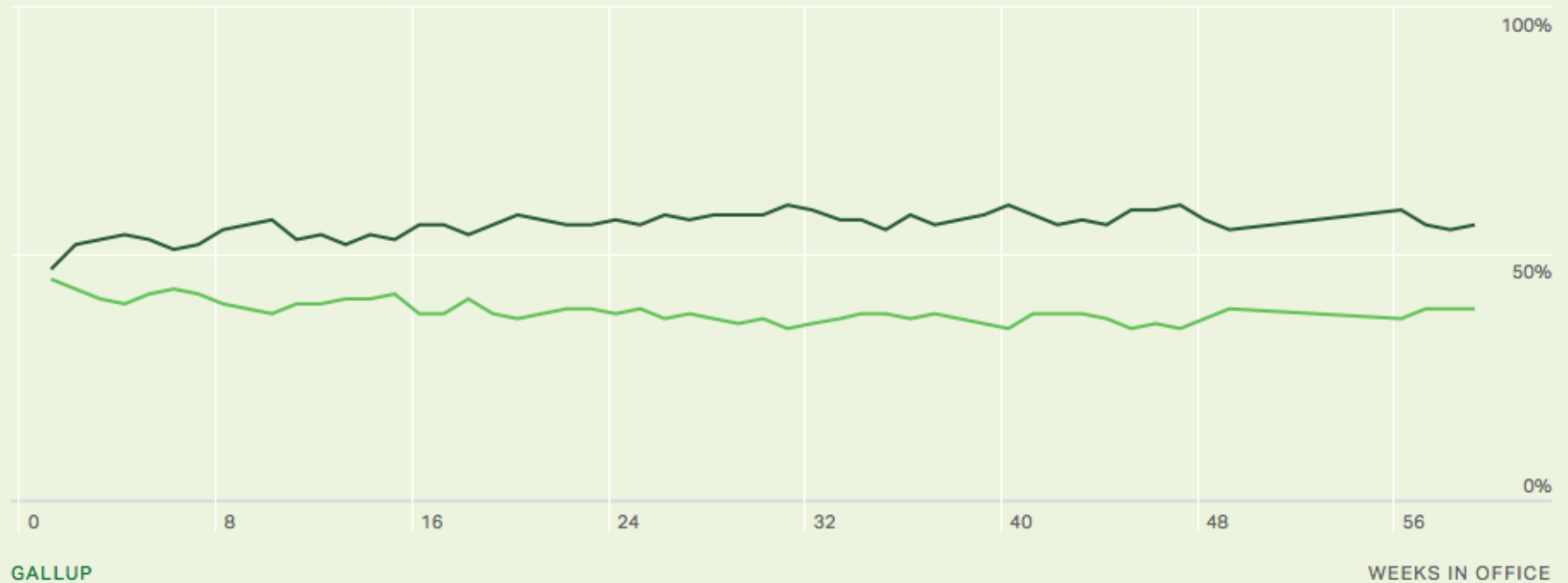


The Mueller probe should never have been started in that there was no collusion and there was no crime. It was based on fraudulent activities and a Fake Dossier paid for by Crooked Hillary and the DNC, and improperly used in FISA COURT for surveillance of my campaign. WITCH HUNT!

AN UNPOPULAR PRESIDENT, AND GETTING LESS POPULAR

Timeframe: 1 MONTH / 3 MONTHS / 6 MONTHS / 1 YEAR / 2 YEARS / 1 TERM / ALL

■ Trump job approval - All Adults ■ Trump job disapproval - All Adults ■



GALLUP

WEEKS IN OFFICE

THE HISTORICAL COMPARISON

Donald Trump's Presidential Job Approval Ratings -- Historical Comparisons

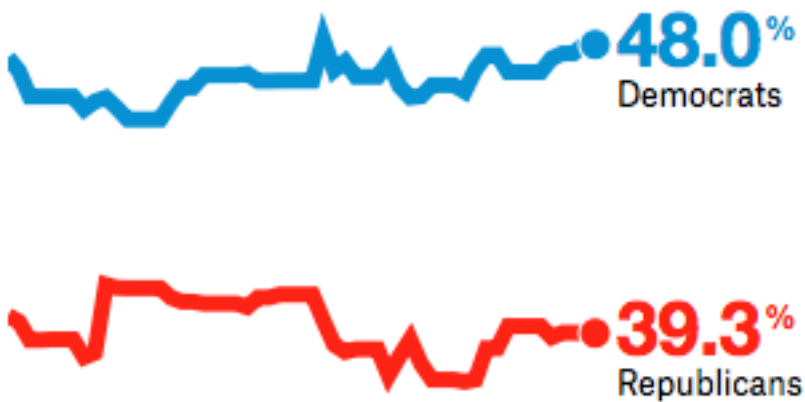
Average for U.S. presidents		53	1938-2018
Average for elected presidents' 5th quarter		61	various
Other elected presidents in March of second year	Barack Obama	49	Mar 2010
	George W. Bush	79	Mar 2002
	Bill Clinton	51	Mar 1994
	George H.W. Bush	71	Mar 1990
	Ronald Reagan	46	Mar 1982
	Jimmy Carter	49	Mar 1978
	Richard Nixon	54	Mar 1970
	John Kennedy	79	Mar 1962
	Dwight Eisenhower	67	Mar 1954

GALLUP

SIGNS OF POLITICAL TROUBLE

Who Is Winning The Race For Congress?

UPDATED 7 HOURS AGO



- Dems win Alabama special election for empty Senate seat
- Pennsylvania House seat won by Democrat (no Dem even ran last two times).
- More to come?

SWING TO THE DEMOCRATS

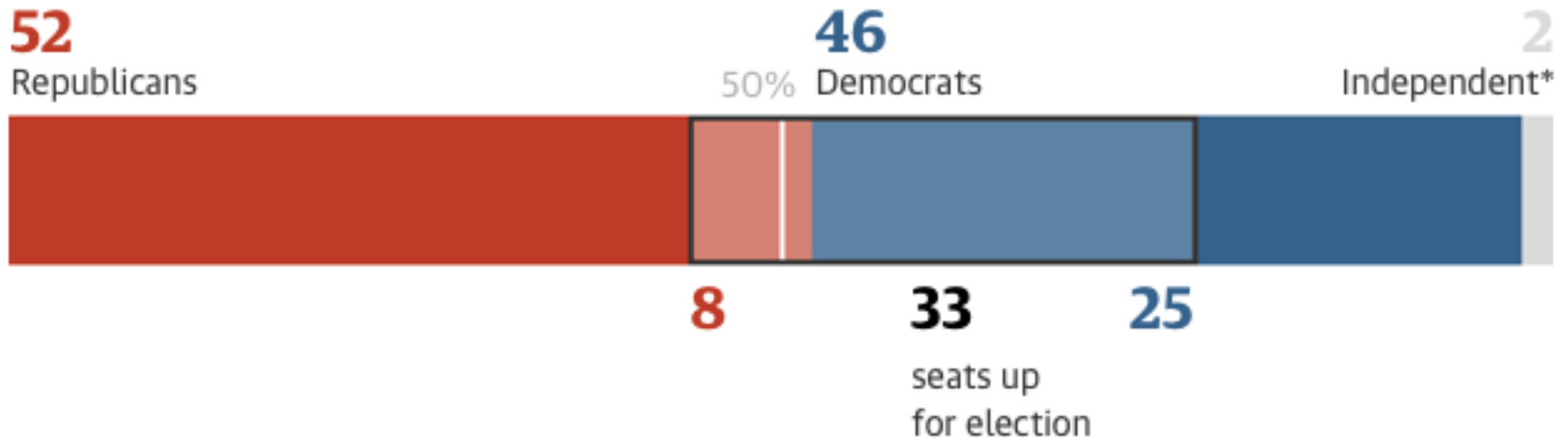
Democrats are performing strongly in both high-turnout and low-turnout special elections

Since the 2016 presidential election

	2016 PRES. VOTE COUNT	SPECIAL ELECTIONS		DEM. SWING
		VOTE COUNT	AS SHARE OF PRES. VOTES	
Georgia 6th runoff	331,246	260,316	79%	+6
Montana At-Large	501,822	381,416	76	+16
Alabama U.S. Senate	2,123,372	1,348,720	64	+31
Pennsylvania 18th	370,497	228,378	62	+22
Georgia 6th open primary*	331,246	192,569	58	+7
Utah 3rd	289,923	147,741	51	+3
Kansas 4th	274,547	122,594	45	+23
South Carolina 5th	306,200	88,316	29	+16
California 34th open primary*	184,601	42,308	23	+18

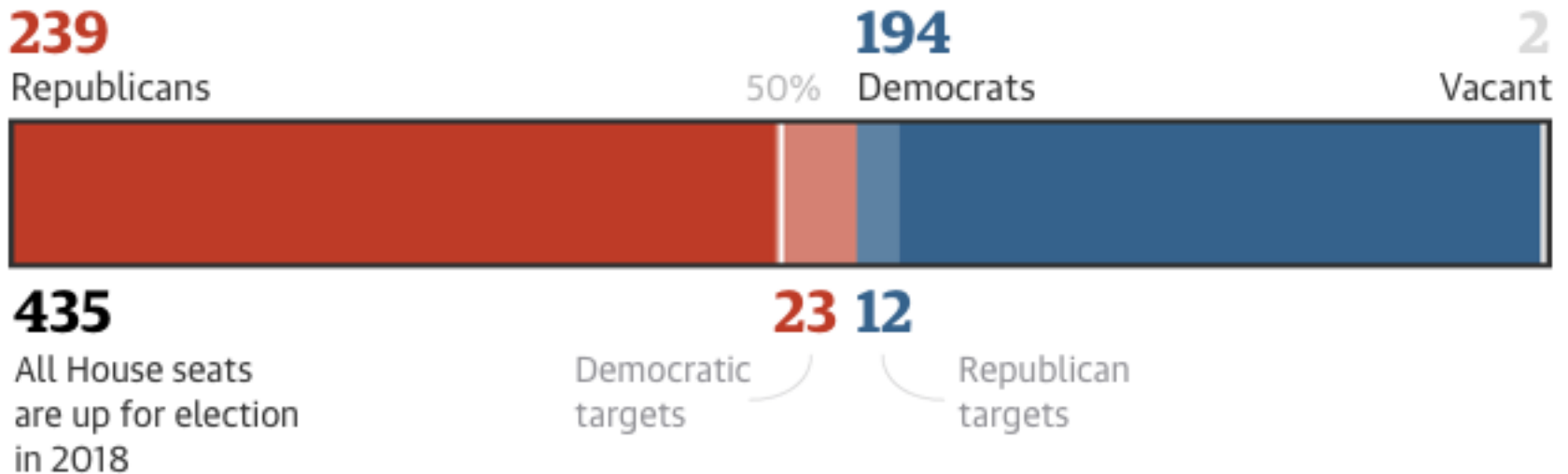
THE SENATE

33 Senate seats are up for election in next year's mid-terms. The Republicans currently have a slim 52-48 majority



*Independents caucus with the Democrats

THE HOUSE OF REPRESENTATIVES



Guardian graphic | Source: United States house of Representatives

ABE AND TRUMP: THE END OF THE SPECIAL RELATIONSHIP?

- Abe is first through the door, with approach of flattering Trump, building personal relationship, using avenue of going through family (Jared Kushner)
- Japan avoids confrontation on trade and economic issues, immigration policy, stresses strategic partnership, alliance with US
- Abe is rewarded with low key approach on trade, no discussion of defense burden sharing.
- Abe pursues TPP-11 in hopes US will return. Now seems unlikely.
- Under stress, Trump talks trade problems with Japan.
- No consultation on North Korea – the Trump shock?

WHAT NEXT? THE MAY CRISIS

- **US may pull out of Iran nuclear deal in May.**
- **US will move Embassy to Jerusalem in May.**
- **Summit with Kim Jong Un planned for May.**
- **Mueller investigation mounting and focusing closer on President and his business. Will Trump fire Mueller?**
- **If Trump is in trouble, will he look to foreign policy and to use of force to rally the country behind him and look popular?**
- **Chaos – administration increasingly losing traditionalist Republicans; no check on Trump?**
- **What happens to the Japan-U.S. alliance – can it survive Trump? YES but it will be difficult.**