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JCIE/USA EXECUTIVE SEMINAR

The Outlook for US Political & Economic Relations with Asia after the Midterm Elections

Offices of Mayer Brown, 1221 Avenue of the Americas, New York, NY

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In a dynamic, wide-ranging discussion at a JCIE seminar, two top experts on US-Japan relations—Columbia University Professor Gerald Curtis and the *Wall Street Journal*'s Jacob Schlesinger—assessed the Democratic victory in the midterm elections and the prospects for the next two years of the Trump administration's Asia policy. Gerald Curtis is widely considered to be one of the world's top authorities on Japanese politics and US-Japan relations. Meanwhile, Jacob Schlesinger of the *Wall Street Journal*'s Washington Bureau is one of the country's most prominent journalists writing about Asian trade and economic relations. In the meeting, they traded views with nearly 30 leaders in the US-Japan community, including CEOs, government officials, nonprofit executives, and policy experts. The following includes key points raised during the discussion.

Speakers

Gerald L. Curtis, Burgess Professor Emeritus of Political Science, Columbia University
Jacob Schlesinger, Senior Correspondent & former Tokyo Bureau Chief, *Wall Street Journal*
[Moderator] James Gannon, Executive Director, JCIE/USA

Key points

- Gerald Curtis argued that the 40-seat gain by the Democrats in the House of Representatives was a good electoral showing, but it did not constitute a “wave election.” Jacob Schlesinger also agreed that the election could not be described as a wave. Rather the dynamics were more like a centrifuge, with urban America and rural America pulling farther apart from one another, reflecting growing divisions among US citizens that are likely to be lasting.
- Schlesinger remarked that the endurance of support for the Trump-led Republicans in rural areas was striking, despite the damage to agricultural trade that is likely to result from Trump administration policies. Curtis added that the election exposed deep divisions over values and the basic concept of what makes somebody an American.



- Both speakers felt that tensions between Democrats and Republicans are likely to rise further in the coming two years, with the Mueller investigation and the threat of impeachment adding even more volatility to US politics. The Democratic Party is uncertain what it stands for besides opposition to President Trump, and Curtis stressed that, even if a Democratic candidate wins in 2020, we cannot go back to the pre-Trump America. That is because the United States has changed fundamentally in ways that will outlive the Trump administration. For instance, there is an embrace of protectionist approaches similar to the Trump policies in the left wing of the Democratic Party, and support for the postwar international order that the United States took the lead in creating is now declining among Americans.
- Schlesinger explained that the divided government that will result from the Democratic win in the House will make it even more difficult for the Congress to pass substantive legislation. However, one area where the US president has considerable power is over trade policy. Historically, presidents have used this power to promote free trade, but it seems Trump will be the first to exercise this power for protectionist purposes.
- Curtis noted that Prime Minister Abe deserves credit for his success in building a personal relationship with President Trump. However, bilateral relations will face a more challenging time in the coming two years. The US-Japan alliance is likely to remain strong, as the most important US security relationship in Asia. However, US-China tensions in the South China Sea may cause the United States to question why Japan's Self-Defense Forces are not more active in freedom of navigation exercises; plus US-Japan coordination on a range of policies is made more difficult by the fact that even internal coordination within the US government has declined under the Trump administration. Still, bilateral security ties are likely to remain relatively stable, while major challenges to US-Japan relations take place in the area of trade.
- Schlesinger added that the one consistent political view that Trump has held throughout his career involves the "evils" of Japan's trade surplus, and he is committed to ensuring that the United States benefits more from trade with Japan. Curtis pointed out that it is already clear that there is a deep perception gap on trade between Japan and the United States. Japanese policymakers and the media have focused primarily on discussions of a new Trade Agreement on Goods (TAG) However, the term "TAG" is hardly ever mentioned by US officials or the media, underscoring the point that the United States is intent on a much broader agreement on trade that goes far beyond the set of issues covered under TAG.



- Schlesinger and Curtis concurred that US tensions with China are likely to intensify, and this poses significant challenges for the China-Japan-US triangular relationship. Curtis agreed with a question that was raised as to whether the United States had been wrong in its long-held assumption that a more prosperous China would lead to the type of political liberalization that would be beneficial for US interests. However, he stipulated that the real danger now is that the Trump Administration will overreact to China, triggering a wider conflict.
- With the US government unwilling to defend international institutions and the postwar order for the time being, Curtis felt that Japan would be wise to be more proactive in working to shape Asian regional affairs and defend principles such as the rule of law.

About the Japan Center for International Exchange (JCIE/USA)

JCIE/USA is an independent, nonprofit, and nonpartisan policy institute that builds deeper US-Japan cooperation in responding to regional and global challenges. More than 1,000 Japanese and American political leaders have visited each other's countries on its US-Japan Political Exchange Program, and its US-Japan Journalism Fellowship has become one of the leading programs for American journalists interested in learning about Japan. It also sponsors policy research and dialogue on cutting-edge issues in international relations, hosting initiatives such as the US-Japan Global Health Dialogue and the US-Japan Women Leaders Dialogue. Based in New York, it operates many of its programs in close cooperation with its partner organization, JCIE/Japan, one of Japan's most prominent international affairs institute.

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